THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

February 15, 1941

T. V. Soong Condemns "International Brigands" in Vivid Appeal

World War Climax Nears

Shanghai's Civic Rot

Nazi Intrigue Fails

Hoarders Likely to be Hit by Crash in Shanghai Commodity Market

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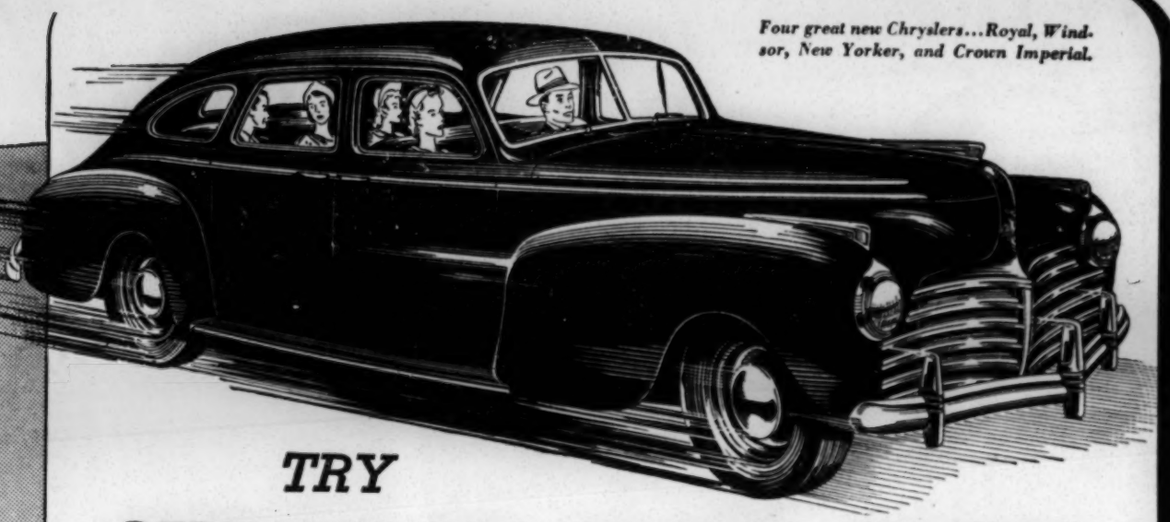

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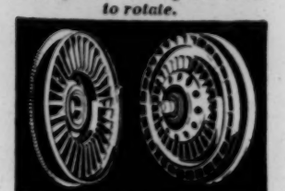

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

NEW FOURTH ARMY

To the Editor:

In your December 1 and January 25 issues, we have read articles concerning the New Fourth Army.

We are Chinese and we all love China. And we firmly believe that foreign readers love China as much as we do. Therefore, we all feel sorry and are greatly concerned in the problem of the N.F.A.

Many Chinese newspapers here have published telegrams from the Chungking Government regarding this matter. The editors of these papers have really overdone their part in voicing ther version of the case, as if they were as happy as Wang Ching Wei and the Japanese Imperialists and were only regretting that this matter happened so late. Yet, no matter whether the news was true or not, this unfortunate incident is detrimental to China, in that it reduces the force of resistance and may be the beginning of a large scale civil war. As a result, Japan will be able to have a free hand in the China incident in concert with Hitler's attack on England, and to carry forward her southward expansion. This problem, therefore, concerns not only the Chinese people but also people of all democratic nations, especially the British and American residents of the Far East.

As to the actual happenings involving the N.F.A., we knew little outside of the few telegrams from Chungking. In Generalissimo Chiang's speech (published in your February issue), he did not mention the real state of affairs, but only gave his views concerning the matter. In certain well-known papers of the puppet regime, some enlightening facts were published.

We can never be satisfied with Chungking's claim that the problem is merely one of military discipline. It can be no less than a political problem under the conspiracy of the pro-Japanese clique. If unchecked, it can be the first sign of a big civil war. We in Shanghai are not far distant from the district of the N.F.A. and often have opportunity of hearing reports by observers from there. Many from the district speak highly of the achievements of the N.F.A., how they fight the Japanese "devils", and how the people like them. Because they are the people's army, they have been able, starting with 4,000 men, to grow into an army of 100,000 strong. They are really a thorn to the Japanese Imperialists and a force to be reckoned with. The people, for their own good and the good of the war of resistance, also do not like this army to be transferred to North China. The Government has not rewarded this meritorious army, but instead, applied so-called military discipline of "killing the people with their own people."

In your January 25 issue was published the following telegram from Chungking: "Ordered the Fourth Army to move from Anhwei to the region north of Yangtze River at two points, Fanchang and Tungling (southern Anhwei) below Wuhu...." We all know that Fanchang and Tungling are strongly fortified by the Japanese. To take such a route is suicidal. This therefore means sending the N.F.A. to their death. We wonder if the cartoon of **Sapajou** ("Was it co-operation?") was not real in practice. According to a recent issue of the **Shanghai Guardian**, Yeh Ting, Commander-in-chief of the N.F.A., not wanting to have a portion of his troops (10,000 men, one-tenth of the N.F.A.) slaughtered by the Japanese, went to call on General Ku Tsu-tung, Commander-in-Chief of China's Third War Area, to find another route of passage. This brought about the reported "capture". And this is said to be discipline.

The crime of the N.F.A. alleged by Chungking is, "disobeyed order, plotted to go to south Kiangsu," "plotted to secure a base by occupying a triangle position: Nanking, Shanghai and Hangchow." Even if this allegation were correct, from the people's point of view, the advance of the N.F.A. against the enemy's occupied territories of Nanking, Shanghai and Hangchow is of advantage to our country's war of resistance. Only die-hard traitors will take armed action against the N.F.A. Is it a crime to resist Japan?

Therefore we feel that this question is not one of military discipline, but an indication of "anti-communist," "pro-Japanese" intrigue. In the past there were numerous cases of conflict, but this incident is the severest of all. Although the Government tried to minimize the incident before the people, even to the extent of censoring the news concerning it, we feel that this problem has not been solved, but that it is a step nearer to an outburst. Aside from the 10,000 men which have have been disbanded in south Anhwei, the main force of 90,000 still continue resistance in north of the Yangtze River. It is said that the enemy as well as Central troops have begun to launch a general attack, using even bombing planes. In name the N.F.A. has been "disbanded" and is regarded as a "rebel army." If later on the Central troops should come to blows with the "non-existent" N.F.A. in earnest, will it not then be civil war, thereby affecting our united front and bringing our resistance to an end, to the advantage of the Japanese Imperialists? This is the concern of the Chinese people, who

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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unanimously disapprove of such measures.

The occurence of the armed clash at this time—when Germany is preparing her offensive against Britain in Europe—is not accidental. The Japanese southward expansion must be in coordination with German aggression, so as to handicap the forces of Britain in Europe. Possible civil war in China would leave a large proportion of the Japanese soldiers in China unengaged. The Japanese ambition to move south can find realization only when severe friction or even civil war is started in China.

We feel that people loving China should take concern in the above problem. The important point is to prevent Japan's southward expansion. It is our hope that you can give as much publicity as possible to the incident concerning the N.F.A. from more than one point of view, so that the real state of affairs may be understood.

We are Chinese and we feel that a fundamental solution of this problem should take in the following steps:

(1) Immediate cessation of military operations by both parties, with cooperation together in resisting Japan;

(2) The whole people, through the People's Council, to judge the case fairly, by thoroughly investigating the matter;

(3) Democracy in politics to insure cooperation among parties and to avoid further frictions and incidents.

GROUP OF CHINESE.
(Names Attached).

Shanghai, February 6, 1941.

NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, February 13, 1941

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U.S.$1.00—Sh.$18.40

Demand buying rate on New York:
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Demand selling rate on London:
£1.0.0—Sh.$71.12

Demand buying rate on London:
£1.0.0—Sh.$69.19

AMERICAN STOCK AND COMMODITY QUOTATIONS

February 7, 1941

STOCKS

Amer. Locomotive	13 7/8
Amer. Waterworks	6
Anaconda Copper	25
Bethlehem Steel	83 1/2
Chrysler	66 1/4
Elec. Bond & Sh.	3 3/8
Gen. Motors	44
Goodyear T. & R.	17 7/8
Gt. Nthrn. Rly., pfd.	26 1/4
Lockheed Aircraft	23 7/8
Mont. Ward	37
N. Y. Central	13
Texas Corp	36 1/8
U. S. Steel	63 1/4

COMMODITIES

New York Cotton, Mar.	10.36/36
New York Rubber, Mar.	20.10 Nom.
New York Hides, Mar.	12.26/27
Chicago Wheat, May	80/79 7/8
Chicago Corn, May	60 7/8/61
New York Sugar, No. 4, Mar.	0.68 1/2B/69A

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IS SHANGHAI A "DYING, VANISHING METROPOLIS" SUFFERING FROM INTERNAL DECAY?

THE widely-read American magazine *Time*, in its December 16 issue referred to Shanghai as the "dying city on the . . . . mudflats." Every phase of Shanghai life breathed collapse, stated the column-long article in a tone of pessimism never before applied by a well known foreign journal to this metropolis, once known far and wide as the "Model Settlement—Pearl of the Yangtsze."

After referring to Japanese military domination and monopolization of coal and rice, evacuation of Americans, the bandits and gangsters and gamblers, the paper said that the city's industries were "sinking fast with cotton mills reducing their output, tea and silk trade at a standstill, and industries, not controlled by the Japanese, cut off from access to raw materials and markets for goods which could be manufactured." Even the gambling business, previously the town's most flourishing enterprise, was "stagnant," said the article.

Appearing in such a widely-read and highly-regarded publication, the effect of the article was to cause a sinking sensation on the part of local residents who had been too busy with their individual troubles and animosities to take stock of the sorry state of the municipality. Many who read the article were indignant at what they regarded as a glaring exaggeration of Shanghai's troubles.

But so far as we know no chamber of commerce, Chinese or foreign, has sent the editor of *Time* any resolutions of protest.

While the article in *Time* was written in flippant manner, most upon second thought, concluded that there was much truth in what *Time* said about the city. Practically all thoughtful, sober-minded residents realize that Shanghai is in a desperate situation.

Most persons, if questioned about the cause of Shanghai's complications, would say off-hand, "Japanese interference with the city's normal activities." And they would be correct as to the chief trouble, because when the people of a city are permitted to pursue their normal activities, the municipality usually manages to get along someway—keep its streets reasonably clean, public services in operation and maintain law and order. There may be a vast amount of inefficiency and corruption, but generally the citizens manage to go about their affairs in normal manner.

In the case of Shanghai the Japanese occupation of the surrounding countryside, plus their intrigue and interference, has served to accentuate or aggravate a situation, which might be likened to a cancer in the vitals of the human organism which had remained dormant, but became active and fatal when other maladies weakened the resistance.

To liken Shanghai to an individual suffering from cancer may shock many readers, but we know of no more suitable term expressive of the situation which prevails.

The recent special meetings of tax-payers had the effect of bringing to public notice the desperate malady which is sapping the life-blood and vitality of the municipality, a malady affecting the city which may be described as a breakdown in morale, brought about by inefficiency, greed and corruption on the part of those who should—because of their vast property-holdings—be chiefly concerned in the welfare of the municipality. The Japanese blockade of the city's borders is not the cause of the present debacle, which long antedates the coming of the Japanese. Had the city modernized its processes a decade and more ago, as it was urged to do, it might have survived the economic paralysis which has followed the Japanese occupation and the accompanying racketeering which has impoverished the masses of the population.

The dramatic occurrence at the original meeting of ratepayers on Jan. 23, when a Japanese attempted to assassinate the British chairman of the Municipal Council, served to obscure the main issue, which was finally disclosed at the adjourned, or re-assembled meeting

New York Times

In the United States, when the people really become concerned about their municipal affairs, they take steps to rectify conditions. This poster was carried by a citizen in one of the larger metropolises, where the municipal authorities were compelled to reduce expenses. Other banners read, "Don't stint on national defense. . . Cut expenditures in local government." Other slogans read, "Cut the local tax bill so we can pay for armament." The campaign to reduce municipal expenditures, due to the war situation, has swept America and has, according to the "New York Times", accomplished remarkable results. Why not try it here?

held on Feb. 5. As a result of the disclosures at the adjourned meeting it was brought to light that the International Settlement is bankrupt—not because of lack of resouces on the part of the citizenry, but because of the greed of a small clique of foreigners who have used their monopolistic position, legalized by an antiquated city charter (land regulations), to avoid taxation, while passing the burden on to others in a less-fortunate position. We know of nothing better calculated to cause unrest on the part of the population than a knowledge, now quite widespread, that those who have had control of the affairs of the municipality have failed to carry out the responsibilities entrusted to them. It is no exaggeration to say that most thoughtful citizens feel themselves "let down," while the Japanese and others who have sought to destroy the present administration for their own selfish advantage, have been provided gratuitously with the strongest possible argument.

Space is not available for a complete review of developments at the recent meetings, but briefly, the Settlement has a deficit of approximately $20,000,000, which it is seeking to cover by levying a 40% surcharge on present taxes and license fees. Local banks which have advanced loans to enable the city to pay its bills had refused further advances unless additional revenues were forthcoming. In order to obtain the added revenues, it was necessary to obtain approval of a majority of local taxpayers (called ratepayers). In order to vote in municipal elections it is necessary for one to either own property, or pay rent amounting to about $80 local currency. Large owners of real estate, apartment and office buildings or manufacturing enterprises are able to divide their holdings into small units and thus obtain a multiplicity of votes. So far as the rank and file is concerned the vast majority of residents are only renters of office space or residence property, hence only possess one vote. This explains how 2,084 persons who attended the original meeting, possessed a total of 13,066 votes.

This was the situation when the Chairman of the Japanese Ratepayers Association, a 70-year old Japanese named Yukichi Hayashi, got up and demanded a revision of the city's system of taxation. In the meantime he recommended that loans be obtained to tide the city over, pending revision. When the European and American voters rejected his proposal, Hayashi mounted the platform and attempted to assassinate the Chairman of the meeting, Mr. W. J. "Tony" Keswick, head of the firm of Jardine, Matheson and Company, leading British concern.

This incident, most serious in the city's history, resulted in a near-riot and adjournment of the meeting.

When the ratepayers re-assembled on Feb. 5 Mr. E. S. Little, a Briton, proposed a resolution which, in effect was not greatly different from that proposed by the Japanese. Mr. Little offered the following resolution:

'And that the assessed value of all owner-occupied property that has not yet been re-assessed since 1937 be increased as from 1st January, 1941 by 40 per cent. pending exact re-assessment by the Committee now working and that tenants assessments for the purpose of taxation be restricted to 40 per cent. increase over the 1937 assessment and that the Council be authorized at their discretion to impose a substantial surcharge on undeveloped land tax.

When Mr. Little spoke in support of his resolution, making probably the most effective address ever delivered before a ratepayers' meeting, it was obvious that he had the crowd with him in his appeal for a revision of Shanghai's system of taxation. When he made the sensational disclosure that the large property-owners of the city, whose property holdings had not been re-assessed since 1927, were still paying taxes on the old assessment, while renters, constituting a vast majority of the independent individual voters, were paying taxes on vastly increased rentals, the applause was general. When he disclosed the still more sensational fact that large industrial enterprises had been able to pile up huge reserves, largely because they had not been compelled to pay taxes on a par with the small renter, the applause grew and when he clinched his argument by showing cases where landlords had vastly increased rentals—and automatically forced tenants to pay higher and higher taxes—but had not themselves paid any increases over the level of four years ago, the applause became deafening.

On a preliminary show of hands, Mr. Little won his point, but when a vote was taken—by herding the voters into stockades labeled "For" and "Against," his resolution was lost by the preposterous majority of 6,194 votes to 470. According to the number of individuals voting, those favoring the resolution numbered 393, while those against numbered 407. Since the voting at ratepayers' meetings is public, it was obvious that large numbers favoring the Little proposal, feared to expose themselves to retaliation, by voting in favor of the resolution.

However, the large number favoring the Little proposal, plus the memory of the Hayashi episode, severely frightened the municipal authorities and caused them to make a hurried effort to ameliorate the situation, prior to the annual election of members of the Municipal Council, scheduled for April 2 and 3.

At a hurried press conference called by G. Godfrey Phillips, Secretary and Commissioner-General of the Council, on Feb. 7, he publicly admitted that "*no tax is fair unless everybody pays on the same basis*"—a situation which obviously does not prevail in Shanghai. Mr. Phillips said that he "did not want to seem to be opposing new ideas," but he did want the newspapermen to think over some of the difficulties! Mr. Keswick, Chairman of the Council, had in the meantime also made a hurried appointment of a new committee authorized "to examine inequalities in taxation." In his reply to Mr. Little's proposal at the Ratepayers Meeting he had announced that another committee had been engaged in a study of taxation problems for a considerable period. Mr. Phillips in his talk to the reporters said that the Council "was quite ready to ask the lawyers to think again and see if they can interpret the Council's powers more widely in order that other sources of revenue might be found."

When Mr. Phillips was asked regarding the number of registered ratepayers of all nationalities, he stated that there were about 9,000. He was then asked whether it was true that, according to the list issued by the Council, six local residents possessed 4,310 votes, another eight residents 800 votes, making a total of 5,110 votes, or more than half the total? One of the reporters remarked that in view of this situation it was unnecessary or futile to hold meetings, "when 14 men can get together and decide municipal policies irrespective of the wishes of the people generally." Mr. Phillips declined to answer this query, for obvious reasons. *(Shanghai Times report).*

The local *Shopping News*, edited by Don Chisolm printed a sarcastic reference to the voting scandal to the following effect:

"At the present time there are approximately 9000 votes listed upon the Municipal Register. Checking over the Register, we find that the following nineteen gentlemen, all British, can cast 3687 votes:

W. J. Keswick	1,076 votes	C. G. Pearson	128 votes
W. J. Hawkings	230	B. W. Talbot	126
I. G. Sinclair	204	F. A. Pollock	120
A. E. Seddon	197	D. K. Silby	120
G. H. Wright	187	G. E. Marden	116
G. A. Johnson	175	A. G. May	110
J. L. Simmons	175	H. C. Hopkins	107
V. H. Bourne	165	A. E. Fenton	102
D. Campbell	139	A. W. Buck	105
G. S. Weigall	105		

Total 3687 votes

"These gentlemen we may well call the Royal Family of Shanghai for they are the absolute rulers of the city. But in order to strengthen their heavy voting artillery whenever the occasion arises, such as it did last week, our Royal Family calls upon the voting power of the following gentlemen who might be termed members of the Royal Family's Cabinet.

J. A. Anderson	95 votes	J. M. Cook	72 votes
A. H. Gordon	91	M. Anly-Allatt	84
R. Gordon	86	W. A. Sainton	88
R. Mothersill	82	J. S. Flood	81
C. E. Sherwin	86	W. H. Pritchard	76
R. S. Davis	72	R. F. Griffin	63
W. Mellor.....76		G. W. Tolmie...68	
E. D. Smith.....56		H. M. Little.....41	

Total 1227 votes

"Add up the votes controlled by the Royal Family and its Cabinet and we discover the amazing fact that these THIRTY FIVE GENTLEMEN possess the sole and absolute right to cast FOUR THOUSAND NINE HUNDRED AND FOURTEEN Municipal Votes out of an available total of approximately NINE THOUSAND. So far as these gentlemen are concerned each and every election, resolution, amendment or proposal is in the bag' before the Chairman calls the Meeting to order. They possess a majority that would make even Tammany Hall blush with envy.

♣

At the last annual meeting a foreign ratepayer, a British missionary, made a strong appeal for increasing the pay of the rank and file in the police department. He called attention to the fact that thousands of Chinese policemen in the employ of the Settlement, who had stood loyally by in the face of most serious personal dangers, were woefully underpaid. He presented evidence showing that these men, upon whom the safety of the Settlement depended, actually were unable to meet their bare expenses because of the low pay received. The Municipal Council, which had been granting higher pay to so-called "pivot" men, one case being so glaring as to arouse universal condemnation, refused to listen to the appeal for higher pay for the lower ranks of police. The ratepayers, following the lead of members of the Council, also refused to listen to the appeal of the missionary who was familiar with the situation and realized the dangers involved in refusing to heed the appeals for assistance to the policemen.

As a result of the refusal to heed the warning, the Settlement, a few weeks ago, was faced with a general police strike, first in the history of the foreign administered area. The Municipal authorities, alarmed at the prospect of a general police strike, which easily might have led to a major calamity in view of the situation outside the Settlement, were forced to grant demands for salary increases which many regarded as exorbitant and probably would not have been necessary had the Council heeded the warning at the annual municipal meeting. The fact that the Municipal Council became panicky at the prospect of a police strike and had to capitulate obviously did not increase the prestige of the governing authority.

One wonders whether the Council is not making a similar blunder over the tax issue. Unless the writer of these paragraphs misreads the storm signals, the rank and file of foreign voters have lost faith in the ability of the Municipal Councillors to meet the taxation crisis. Whether due to greed, inefficiency or ineptitude, they appear unable to face a situation which, if permitted to drift, will lead to the bankruptcy and collapse of the local government. If this situation prevails among the foreign voters, an even worse situation prevails among the thousands of Chinese ratepayers who are unable to meet the extraordinary tax which the Settlement is now trying to collect. As for the Japanese, it is rumored that they do not intend to pay under any conditions, hence the main burden must be shouldered by those who reside south of Soochow Creek.

Shanghai Company Earns Profit of $2,826,257.18

The Shanghai Loan and Investment Company earned a profit of Ch.$2,826,257.18 in 1940, which amounted to approximately 161% on the paid-up capital, which is Taels 1,250,000. In view of the enormous profit, it was decided to increase the capital to Taels 3,500,000 by creation of 450,000 new shares of Taels 5 each, payable in dollar equivalent at the rate of Ch.$1 equals Tael cents 71.5.

The profit of the Company in 1939 was Ch.$988,096.11 or approximately 56.5% on the paid-up capital.

Including a balance of Ch.$51,410.91 brought forward from last year, the balance at credit of profit and loss account amounts to Ch.$2,877,668.09. After deducting two interim dividends of $250,000 each paid on Aug. 9 and Nov. 8, 1940, there remained the balance of $2,377,668.09. The directors recommended the appropriation of $699,300.70 in special dividends this year, which figures out at $2.80 a share. It also was voted to increase the directors' fees to $15,000 a year and that this sum be made payable to the year 1940.

The Chairman, G. McBain, in reviewing the company's activities during the past year said, "I would like to draw your attention to the considerable increase in the profit realised on investments sold, which amounted to $2,472,109.62 compared with last year's figure of $726,030.38. Investments appear in the balance sheet at book value. The nominal market value of same, however, at the date of closing of the accounts showed an appreciation of approximately $778,000. This is naturally in addition to the profit of $2,472,109.62 to which I have just alluded. There was also a considerable improvement in dividends received, which amounted to $512,052.78 compared with $322,099.12 received during the previous year.

"In the present state of world politics it is difficult to prognosticate what the present year will have in store for us, and with this in mind, your Board, desiring to put the company in a position to be reasonably able to absorb any probable depreciation in the value of our holdings in local currency, recommends the transfer to general reserve of $300,000 raising same to $550,000, and the transfer to reserve against fluctuation of investments of $383,005.04 raising same to $600,000, and to carry forward the sum of $340,362.35. In order to guard against depreciation in our local currency to a reasonable extent, it has been the policy of your Board to invest a considerable sum in countries of the sterling and U.S. dollar bloc, and I would mention that at present the market value of our investments in these countries amounts to approximately the total of our present capital and reserves."

"According to our usual practice I will give you particulars of the company's investments as they stood at December 31, 1940:

Plantations	$1,221,776.94
Banks, insurance and finance	801,603.14
Land	159,953.57
Docks, wharves and transportation	910,867.36
Industrials	1,178,871.42
	$4,273,072.43

Other officers and directors who participated in the meeting included C. H. Arnhold, W. J. Gande, S. C. Yih, J. Pote-Hunt, S. L. Chun. It was voted to pay the auditors, Lowe Bingham and Matthews, for the ensuing year at an annual basic fee of $2,100, half in local currency and half in sterling at the exchange rate of 1/2 and 3/8.

WORLD WAR No. 2 RAGES TOWARD CLIMAX IN EUROPE AND ASIA

Badgered at every turn by a remorseless Anglo-American diplomatic and military offensive which is about to culminate shortly in the passage of the Aid to Democracies Bill by the United States Congress, Hitler has been driven to a point at which he is ripe for deviltry. His hand has been forced not only by the frustration of his war machine by Britain and by the collapse of his Nazi intrigues in a world made wary of German promises, but also, and more significantly by the fact that for the first time since Munich he has lost the initiative. And beset as he is by weak allies and powerful enemies, in his loss of the initiative lies the compulsion which from all appearances today is driving the Axis relentlessly, headlong into the disaster it has long courted—the error of attempting a final settlement at arms with the British Empire.

The indications are clear. Apart from the obvious material defeat he is about to suffer at the United States Capitol, there is a staggering volume of evidence of Hitler's signal lack of success elsewhere, foremost among it the brilliant victory scored by the British in their rejection by the Greeks of Italy's attention, the failure of Nazi intrigue in the Far East (as mentioned in an editorial contribution in this issue), and of course, the Balkans fiasco.

Actually, the opening of this war phase now approaching its crisis might be dated with the re-entry of British land forces into actual fighting. The Greek drive against the Italians in Albania was already under way, it is true, when the General Sir Archibald Wavell, commander of the British forces in the Middle East, a little more than two months ago launched the campaign which was to take his army across the entire Libyan coast from Sidi Baranni. That campaign has been hailed as a miraculous strategic feat, which none would deny, and was accomplished while Britain herself was still undergoing wanton destruction unleashed by Berlin in an effort to break down British moral. It seems unlikely indeed that a mass maneuver which resulted in the capture of no fewer than ten of the 15 Italian divisions originally stationed in Libya ould have been conceived solely for the purpose of creating a diversion on behalf of the Greeks, but was probably due to a scheme which had been mapped out by a thoroughly awakened British Cabinet in anticipation of Hitler's projected Spring Offensive.

Britain's position when it became known about four months ago that Hitler was planning his invasion this spring was neither safe nor satisfactory, but with the United States hastening to the assistance of the beleaguered Islands. Hitler was still uncertain as to what would be the result of an attempted invasion attack on Britain. It seems clear now that the Fuerher decided to win the Balkans over first and meanwhile entice Japan into action against the Democracies through her southward drive before he attempted an invasion of Britain.

The result of his efforts in Europe is today still one of the major news items. Hitler threatened Bulgaria by gaining the ascendancy over Rumania through that countries' "Quizlings," the strongly nationalistic Iron Guards, many of whom were executed in a Royal purge two weeks ago. The sudden despatch of Franco, the Spanish Dictator, to France, with a possible further journey to the Brenner Pass last week was obviously connected with Nazi intrigue, and so also was the carefully nurtured upheaval which threatened to put Petain out of office as Premier of France, to be replaced by Nazi-loving Laval. What will be the final outcome of the two latter maneuvers is yet to be seen, but neither of them shows any sign of solution likely before the "Zero" hour this month has passed. With Colonel Donovan directing operations from Turkey, combined with the threat of the U. S. witholding supplies from Spain should that country's actions become unwelcome, there appeared no likelihood of a solution to the liking of Hitler ever being reached.

It is in the Far East, however, that Hitler has taken his longest chances It is reliably reported that Nazi agents strove to their utmost to bring a reunion between Wang Ching-wei and General Chiang Kai-shek in order to obtain a "suspended peace" which would free Japan for a southwards drive involving the United States. It may be assumed that Hitler required Japan to carry out that movement by a set date; obviously it seems from Japan's recent frantic efforts to establish herself firmly in Thailand and Indo China, that date was some time in February. It is most improbable that the Japanese Foreign Minister, Mr. Matsuoka ever gave any certain assurances to Germany, other than

The Intriguing Balkans

New York Times

that if he was unable to carry out the southwards drive, he would immobilize the Far Eastern situation and thus retain the attention of the United States for as long as possible. During the past two weeks particularly, it will be recalled, his policy towards the United States was in strange contrast to the mildness of his New Year's addess.

Assuming the deadline set Japan by Berlin to be in February, it is not difficult to arrive at the conclusion that Hitler's "Der Tag" is some time between February 20 and 25. This conclusion is reached from the fact that there will be a quarter-moon on February 19, and for the next few days conditions for an attempted landing on Britain might be ideal. There would be enough light by which to see and the tide waters would be at their slackest. The weather towards the end of February, also is better than it will be at any time during blustering March, even if Hitler could afford to wait much longer. It is logical to assume, therefore that there is a strong likelihood of the Axis swinging into action once more, before the coming week is out.

The Puzzle Of Nippon's Falling Birth-Rate

A few months after the Japanese Army started on its adventures on the Continent—first in Manchuria in 1931 and then in North China and Central China in 1937—the wise men of Nippon began to observe an alarming fall in the birth-rate. Japanese women, who should have been following the precedent of the saint or household goddess, who leads one child by the hand, holds another in her arms and is enciente, were going about utterly oblivious of the fact that the birth-rate was declining and nothing was being done about it. Worse, the women, including wives with husbands at the front, seemingly were not worrying about the situation in the slightest.

And the situation has become progressively worse as more and more sons of Nippon were rushed to this and that fighting front extending all the way from the frozen Amur and Nomonhan to the near-torrid rice paddies of Kwangtung and Kwangsi and more recently the jungles of Indo-China. The number of able-bodied sons of Nippon on duty along this farflung battle line is unknown, even to the General Staff, but it must be enormous, particularly when those in the Navy are included, as they must be. And don't forget that the number of able-bodied men in the Navy also has been enormously increased since the beginning of the grand military adventure.

Since the male of the species is a necessary adjunct in the reproductive process, this naturally explains the real reason for the falling birth-rate. But the wise men of Nippon profess not to see this, or if they do, they dare not mention it for fear of offending the warlord controllers of the country or running afoul of some written or unwritten police regulation. With most of the able-bodied men of the country hundreds and thousands of miles away from their "bed and board" engaged in fighting foes real and fancied, it should be more or less obvious to intelligent persons why the annual crop of babies is decreasing.

About a year ago the president of one of the numerous groups of super-patriots in Tokyo called attention to the falling birth-rate and suggested that the Government set aside a so-called "birth-replenishment week" when lectures could be delivered and propaganda circulated calling the attention of the people to the dire state of the nation. But while this was carried out and the propaganda circulated it apparently did not remedy the situation because the Tokyo papers are again writing editorials and printing stories about the alarming situation.

For example a Japanese woman, a Mrs. Ichiko Kamichika, well known as a commentator on Japanese literature, wrote a letter to the *Hochi*, a Nazi organ, suggesting that the ideal Japanese wife "should resemble a municipal bus running about the streets of Tokyo—bearing all without complaint." In other words, Mrs. Kamichiko thinks that Japanese women should be of a build and capacity designed for mass-production of children. She deplores that some misguided Japanese women have been imitating their occidental sisters by striving for slim bodies and sharp-faces, as she expressed it. She thinks that Japanese educators should inculcate the idea in the minds of school girls that their mission in life should be—labor—"continuously and patiently, as a municipal bus bears all that can be crowded into it without complaint."

The new Welfare Ministry also has had some ideas on the subject. Kenichi Kumagawa, chief of the Ministry's Social Bureau, issued a blast on Dec. 31 warning the nation against the low birthrate as compared with China, India and Soviet Russia. He urged all Japanese young men to "dash to the goal of marriage, forgetting for the moment the weight of their pay envelopes and the difficulty of finding suitable homes." He said the Government would take care of the rest "without fail." He declared that it was ridiculous for young men to hesitate to get married because they did not possess sufficient money. Marriage, in the opinion of this official, "is no longer for materialistic and physical enjoyment of life, but for something nobler and greater....they must realize the reason why the Government is making such efforts to encourage early marriage and childbearing." Mr. Kumagawa explained the reason in the next paragraph, to the effect that in 1920 Japan's birth-rate was 36 a thousand, the all-time peak. Present figures were not given, but the rate had showed a "remarkable drop" since the beginning of the war. Japanese men usually marry at the age of 28 and women at 24-25 at the present time. In the opinion of the spokesman of the Welfare Ministry, the present age-average is too high "because Japanese women reach the best period for pregnancy between 20-23 years.

The Welfare Ministry announced on February 8 that the "first gun in the campaign to boost Japan's population to 100,000,000 would be fired by the Ministry in April when it planned to open a so-called Population Bureau." The new bureau will have charge of increasing childbirths, fortering earlier and more marriages, improving health conditions for workers, encouraging sanitation in private homes and improving the quality of powdered milk which is widely consumed by infants. Some 160 health stations scattered over the country will be increased to more than 200 stated the report.

Chief significance attached to these alarmist reports about the falling birth-rate is that Japanese spokesmen for three decades have been defending Japan's expansionist policies on the ground of necessity due to density of population. But now that the birth-rate is falling—for reasons explained in the foregoing—and others concerned with the cost of living, malnutrition due to shortage of food products, and disinclination of women to bear children for cannon fodder, the Nipponese masters of empire issue even louder cries of alarm.

Japanese Again Promise to "Return" Chinese Factories, But

The Japanese official *Domei* news service reported again—on February 5—that Chinese factories, which were seized by the Japanese military at the beginning of the war in 1937, would be returned to the righful owners. The Japanese statement, for the first time, mentioned 42 factories which had been seized and since have been operated in some fashion by the Japanese military forces. Mei Sze-ping, Minister of Industry at Nanking, was supposed to cooperate with the Japanese in negotiating with the original owners, most of whom fled to Hongkong or interior China in order to escape assassination or kidnapping by gangsters in the employ of Nanking or the Japanese military. The report stated that six of the properties were located in Shanghai, three at Soochow, 13 at Wusih and 17 located elsewhere. It also was claimed that 17 plants, including six at Shanghai, two at Wusih, and nine at Canton had been returned, but no information was supplied regarding the names or locations of the plants. Gen. Toshizo Nishio, Commander-in-Chief of the Japanese Expeditionary Forces, was supposed to be responsible for the order.

Probably the most authoritative information on the subject was provided by *Tariku Shimpo*, Japanese army organ at Shanghai on February 6 when it was stated that the Min Fung Paper Mills, seized by the Japanese army many months ago, would shortly resume operation "as the problem of management had been solved among the Japanese themselves." Under the plan, reported in detail by the Japanese paper, the mill will be operated in future under joint management of the Japanese military authorities and the Asia Development Board, monopolistic Japanese concern. The capital, Yen 2,000,000 will be supplied by the Army.

In the case of one large manufacturing enterprise near Shanghai, which was seized by the Japanese Army in 1937, the Japanese recently made a proposal to "return" the factory to the Chinese owners, but only after the proprietors had paid a so-called "protection" fee amounting to some fabulous sum, stated to be Ch.40,000,000. The Japanese have operated the factory continuously since the seizure, but no representatives of the owner have been permitted to visit the premises.

The Japanese Premier, Prince Fumimaro Konoye, declared in the Tokyo House of Representatives on February 6 that private property would be respected in connection with the enforcement of the General Mobilization Bill, but his statement may have referred to private property in Japan and not Chinese property which had been seized by the Japanese Army in China.

The Tokyo Foreign Office announced last week that a "damage investigator" would be sent to China. The investigator, Tomonosuke Kimura, was scheduled to spend a month in China investigating losses sustained by Japanese residents "as a result of the current incident." He will visit Shanghai, Nanking, Kiukiang, Hankow and other cities. Wang Ching-wei, head of the Nanking puppet government, agreed in the treaty which he negotiated with General Abe of the Japanese Army, to pay to Japan all damages to Japanese property "caused by the war situation."

Nazi Intrigue in Far East Aimed at Driving China into Axis Orbit, Freeing Japan for Southwards Expansion

(EDITORIAL CONTRIBUTION)

General Nishio, commander-in-chief of the Japanese expeditionary forces in China, stated in his New Year message issued from Nanking last January that the conclusion by Japan of the tripartite pact with Germany and Italy "should be regarded as a great advance in the projected settlement of the China affair." The Abe—Wang Ching-wei treaty signed on November 30, 1940, revealed only one side of this "projected settlement," *viz.*, the old scheme of destruction of China's anti-Japanese unity on which the prolonged campaign of resistance is based, through "anti-Communism," which is a scheme of plunging China again into civil war. The other side of this "projected settlement," most closely related to the first one, is the plan to effect a sort of temporary armistice between Chungking's armies and the Japanese expeditionary forces, something like an undeclared peace within the frame of the undeclared war. As to this side of the settlement of the China affair the idea is to work out a timely solution good enough to free sufficient Japanese forces for the southern drive and to leave the conclusion of "peace" for the future. In this direction it is specially where Nazi intrigues and direct pressure on Chungking are active.

It is perfectly understood in Tokyo that no agreements with Nanking can have a direct effect upon the realization of these plans at present. The influential Tokyo *Yomiuri* confirmed this in a recent editorial stating:

> **"The establishment of the Greater East Asian sphere of mutual prosperity must take concrete shape this year, and it is hardly necessary to say that the prolongation of the conflict with China is detrimental to the creation of this sphere. It is general peace, not sectional peace, which Japan desires with China. The conclusion of the new basic treaty with the National Government of Nanking is meant to be the first step towards the establishment of general peace. From this point of view, it is of prime importance for the creation of the new order in East Asia that Japan should help the Nanking Government to encourage healthy development. The conclusion of definite agreements with French Indo-China and the Netherlands East Indies is also important for the same purpose."**

Nanking cannot help Japan to achieve "general peace" with China and so, too, to free Japanese forces in China to any important extent. Quite contrary, it is Nanking which must be helped by Japan, respectively by the powers of the tripartite bloc, to make a "healthy development," which means according to their plans a rapprochement with Chungking on the basis of "anti-Communism." Though Germany has not recognized Wang's "government," German representatives in unofficial capacity are active both in Nanking and as feelers between Nanking and Chungking, of course with Japan's approval. Nazi circles in China are not concealing that they entirely approved the Nanking-Japanese treaty concluded last November and that the omission of recognizing Wang's "government" is because they see reasons for the hope of re-unification between Chiang Kai-shek and Wang Ching-wei and the subsequent transfer of the Chungking Government to Nanking. It is also said in these circles that Chungking was informed about the Japanese plan of withdrawal of forces from South and Central China except from the coast, together with the tacit agreement on Japan's part that Chungking's forces and not agents of Wang Ching-wei shall reoccupy the districts in question, provided that any available Communist troops, i.e., of the New Fourth and Eighth Route armies, are removed from the neighbourhood of these areas previous to the Japanese withdrawal.

Nazi "Assurances" Again

Even before the conclusion of the tripartite pact Germany gave Japan a helping hand in establishing Japanese bases in Indo-China. It will be remembered that Chungking threatened to march its forces into Indo-China in case the French authorities allowed Japan to send her forces via Indo-China for attacking Yunnan. It was admitted in local Nazi circles that if Germany gave assurances to both Vichy and Chungking that Japanese forces in the French colony would neither interfere with the administrative authorities in the colony nor make use of their bases in Indo-China for attacking South China or Yunnan. It is also claimed that it was due to these assurances given to Chungking that Chinese forces subsequently made no attempt to interfere with the establishment of Japanese military bases on the territory of Indo-China.

The above given examples of German diplomatic activities behind the scene are indicative of Germany's intentions in the present Far Eastern setting. It might be said that Chungking was requested by Germany to assume a position of "neutrality" and non-intervention towards the actions of Japan in the Pacific or China to be undertaken in the near future on behalf of the tripartite bloc. In other words, it was expected of Chungking not to interfere with Japan's drive to the South, and this was coupled with the offer to take advantage of Japanese withdrawals from certain areas in the interior—an offer

Chinese Romance in U. S. A.

Miss Mei Li Tong, daughter of Dr. and Mrs. Hollington K. Tong, of Chungking and Shanghai, was married on December 26, 1940, at Kansas City, Missouri, to Mr. Yih Chen, son of a well known former editor of The Shun Pao, Mr. Chen Lang-hui, who retired some time ago after many years in journalistic work in Shanghai. Both Miss Tong and Mr. Chen were students at the University of Missouri, where they became acquainted. Dr. Tong, father of Miss Tong, is Vice-Minister of Publicity at Chungking. Previously he was engaged in newspaper work at Peiping, Tientsin and at Shanghai, where he was for a considerable period editor of The China Press. Mr. Tong, Sr., who also is a graduate of the School of Journalism, University of Missouri, once served as a reporter on the Kansas City Star. The marriage ceremony of Miss Tong and Mr. Chen was read at the Country Club Congregational Church in Kansas City and was followed by a reception at the home of J. Warner Brown, a former classmate of Mr. Hollington K. Tong, who is an insurance man in Kansas City. Among the guests was Herley S. Daily, another former classmate of Mr. Tong, Sr. The ceremony was read by Dr. Lindsay Young, President of Park College. Several Chinese students, including a sister and two brothers of the bride were also present. Mr. and Mrs. Chen will reside in New York for a time before returning to China.

which is only in favour of Japan, as it allows her to extricate herself partly from the impasse of her endless drive into China's interior without involving any serious implications in the future course of the China campaign. The whole scheme, if carried through, actually would mean that the tripartite bloc, specially Germany, was being enabled to help Japan out of the crisis she faced through the China war, in exchange for the fulfilling by Japan of her obligations as an ally of the Axis Powers in their war on the Anglo-American interests in the Pacific.

Under that scheme it was expected Chungking would not only not take advantage of Japan's crisis and her southern adventure, by launching large-scale counter-attack against the invader, to the contrary, Chungking's strategy of anti-Japanese defence was to be restricted and bound by obligations not to interfere with actions by the tripartite bloc in the Pacific, including also the obligation that no other anti-Japanese forces in China would disturb the axis plan through anti-Japanese offensives on their own initiative. Apparently it was Germany's intention to assume the position as mediator between Japan and Chungking, and in general to effect a diplomatic come-back in Chungking by helping Japan in establishing the "new order in Greater East Asia" in accordance with the provisions of the tripartite pact. Moreover, Germany was expecting that Chungking might be inclined to introduce the greatly strengthened position of Germany as a factor behind its policies, as a sort of insurance against a possible defeat of Britain in Europe. This was one of the ways in which the tripartite pact should, according to the plans of Germany and Japan, prove itself, in the words of General Nishio quoted above, "as a great advantage in the projected settlement of the China affair."

War Extension Sought

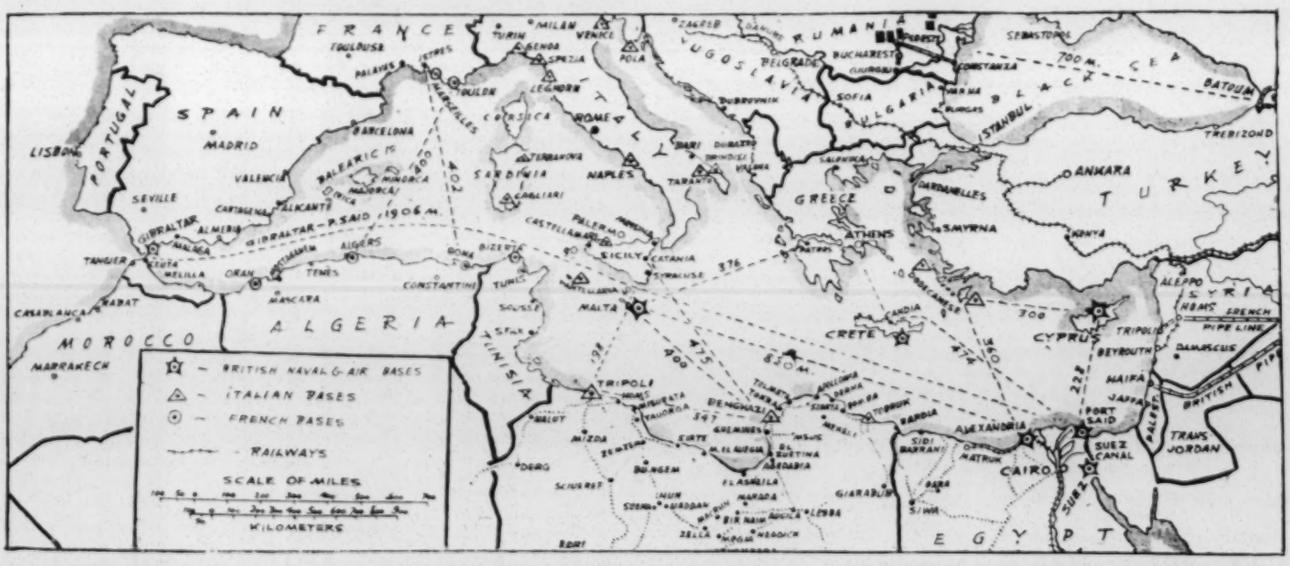
The chief interest of the tripartite bloc at present is to add the whole Far East to their war fronts against the Anglo-American allies, and specially to shift the central area of the Far Eastern war, which hitherto was in China, to the southern "life-lines" of Japanese imperialism. An interview by Robert W. Barnett with Mr. Shiratori, special adviser to the Japanese Foreign Office, published in the January issue of *Amerasia* is extremely interesting in this connection, as it reveals how the tripartite bloc intends to remove the Sino-Japanese war as an obstacle to Japan's drive to the South and at the same time to include "Free China," directly and with the Chungking Government, into the orbit of the war influence by the tripartite bloc.

In this interview Mr. Shiratori was quoted as stating: "Now is the time for Orientals to throw off their bondage in Indo-China, in Burma, and in Southeast Asia. Why cannot Japan and China jointly take advantage of this opportunity?" The main hindrance thus far, Mr. Shiratori admitted, was that the Chinese were "too blinded by anti-Japanese sentiment." He continued that it is "Japan's duty to open their eyes. Chiang Kai-shek should understand the meaning of Sino-Japanese cooperation as Asiatic brothers."

The "cooperation" wanted from Chiang Kai-shek lies not in China's direct participation in the Southern drive of Japan but in "unification" of China on the basis of "anti-Communism," in addition to closing up China tightly from the Soviet Union, a task which Japan herself was not able to achieve. Mr. Shiratori threatened that Japan might consent to partition China by conceding North-west China to the Soviet Union if Chiang Kai-shek would not play the role of Japan's Asiatic brother in this respect. "However," Mr. Shiratori went on to say," the Chinese communists are militarily weak and Chiang Kai-shek, if determined, could dispose of them." As to the possibility of a partition of China, Mr. Shiratori said that the proposed Sino-Japanese agreement posits one government in China." Were Chiang to wipe out the communists in the Northwest this woul dbe realized." All that is necessary in this respect is, as Mr. Shiratori added, "a genuine Chiang-Japanese agreement."

Diplomatic activity by the tripartite bloc in the Far East is now concentrated on persuading Chungking to return to the old game of playing off the Powers, while breaking up the United Front, and ceasing friendly relations with the Soviet Union. It will be remembered that before the Sian coup this was the policy of the then powerful combination of Wang Ching-wei and Ho Ying-chin with the Chinese Government at Nanking, a policy of non-resistance to Japanese aggression and occupation of Chinese territories, of anti-Communist civil war in China and preparation for China's adherence to the "anti-Comintern" bloc of Fascist aggressors, i.e., as a satellite of Japan and the Rome-Berlin Axis. The rise of the popular anti-Japanese movement, the establishment of a United Front of anti-Japanese resistance by progressive sections of the Kuomintang, the organization of National Salvation Unions throughout the whole country and the active cooperation of Chinese Communists have, through a policy of military resistance to Japanese invasion, terminated the ten years Kuomintang-Communist civil war.

Mediterranean Basin Battleground of Military and Diplomatic



Around he basin of the Mediterranean last week reged the most climactic struggle in the field and in the Legations witnessed since the outbreak of hostilities in Europe. The above map is a greatly reduced replica of a strategic plan issued recently in Shanghai under the direction of the British Ministry of Information, and at $2 a copy is well worth acquiring for armchair warriors. This map shows the remarkable advance achieved by the British Imperial Forces in Libya, in which they reduced the capital of Benghazi only a little more than two months after the recapture of Sidi Barrani. While speculation considered the possibility of General Sir Archiblad Wavell's Middle East forces driving onwards from Libya into Tripoliana, this was doubted by local military experts, who believed that the British would consolidate their position in Africa in anticipation of a simultaneous Axis drive on British proper and in the Far East.

Large-Scale Commodity Hoarding Again Rampant in Shanghai, but Disaster Appears Impossible to Avoid

BY JOHN AHLERS

Once more Shanghai is embarked on grand scale commodity hoarding, and many local price increases in recent months have been due not so much to genuine shortage as to cornering of supplies in considerable volume. Sporadic hoarding of household goods for emergency consumption does not yet account for much of the market shortage; it is an increasing tendency to hoard for later wholesale distribution, industrial consumption, profit-making, or just for the purpose of safe investment that contributes most to the gravity of the situation.

Within a few months of the 1940 Chinese New Year holidays, Shanghai worked itself into a frenzy of hoarding. While supplies increased, hoarding increased still more rapidly, and shortages were actually experienced or feared which led to tremendous price appreciation. The locally best selling count of cotton yarns (20's) at that time soared to $1800 per bale; cigarettes sold at 30 to 40 percent premium over factory prices; foreign coal secured $50 and more per ton above replacement cost. The terrific crash in May last reversed the hoarding panic into an equally violent unloading panic. Yarn and coal prices dropped precipitately almost 50 percent, while cigarettes sold at a discount instead of a premium. Throughout the summer and early fall last year, Shanghai business labored heavily through overstocking which paralyzed most local markets except those of foodstuffs and silk, where genuine shortage gradually increased with stronger Japanese efforts to strangle Shanghai.

In most lines, the past nine months gradually absorbed surplus stocks and restored a normal supply level, as, for instance, in bituminous coal. In cigarettes, current supply now meets current demand for consumption. In cereals, Shanghai is really short. Cotton yarn, on the other hand, stands out among the numerous commodities whose local supply still is abundant. But in all these as well as in other commodities — whether abundant, sufficiently supplied, or short—large-scale hoarding recently has been resumed, and once more has resulted in startling price increases otherwise hardly justified.

Cotton Market Hit

In no market are the new hoarding trend's effects more at variance with the true situation than in cotton yarns. Despite curtailed production, local yarn stocks for weeks past have been increasing steadily, but yarn prices are rising. Shanghai yarn stocks now stand around 300,000 bales and are almost as high as when the May crash happened last year, yet at that time this quantity represented a three-months output while today it corresponds to almost six months' production of the local cotton mills. It would appear more difficult than ever to dispose commercially of this huge yarn supply, with access to Chinese as well as foreign markets further restricted—but eager buyers remain prominent in the market.

Current Shanghai commodity hoarding bears little or no relation to the actual situation in the respective markets, also. It is due to three expectations, which may or may not be fulfilled. Expectation Number One is an emergency on the lines of a full-fledged Anglo-Saxon embargo against Japanese trade or an outbreak of open war between Japan and the United States, which immediately would cut off Shanghai from all major foreign supplies. Expectation Number Two is further depreciation of Chinese currency or immobilization of U. S. currency, fears of which induce holders of large cash funds to invest in commodities as a safeguard against devaluation and "freezing". Expectation Number Three is the hope of speculators to unload later at prices still higher than at present, and to possibly corner one market or another altogether. If expectations One and Two should fail to materialize, expectation Three will be defeated automatically, and another price crash equal to that experienced last May will be bound to follow.

City Well Supplied

If it were not for commodity hoarding, Shanghai would appear well supplied with almost all goods except foodstuffs. As compared with most other big business centers of countries involved in war, Shanghai certainly is much better supplied. The city's warehouses and godowns harbor ample volumes not only of many of the more common general trade goods, but also of a great many highly specialized commodities, many of which it might be difficult to locate even in London or New York. Their absence from the market here is due only to hoarding.

Commodity hoarders are encouraged by ever tightening Japanese trade control between Shanghai and the interior, and specially the curtailment of inland produce to Shanghai. The Whangpoo port, indeed, depends on maritime routes for the bulk of its supplies, and mainly on foreign countries. Shortage of Pacific shipping space, high cost of freight and marine insurance, increasing exclusiveness of countries already involved in war, the trend towards hoarding in countries threatened with war, the loss of numerous European sources of Far Eastern imports and, finally, anxiety that the industrial boom in the United States may curtail even American industrial exports—all these factors reassure commodity hoarders that even should their expectations of open Nippon-American conflict, currency depreciation and U. S. foreign credit "freezing" never come true, Shanghai will face increasing difficulties in securing outside supplies on the past level.

Consumption Cut

Exactly as they did a year ago, however, hoarders overlook a few extremely important points, and this oversight might well lead, just as in May last, to another crash of the cardhouse of speculation. First of all, local industrial activity, consumption and trade are considerably below the levels of early last year. Cotton mills, the most important local industry, require less than half the raw material and fuel they consumed up to last May. The masses of Shanghai's population are more impoverished than ever, and their purchasing power is at a record low. Foreign trade is not doing too badly but inter-China trade is extremely depressed. The Japanese landing to the north-east of Kowloon early this month closed the last important coastal trade route connecting Shanghai with Free China. Price increases resulting from hoarding tend to further reduce local industrial activity and consumption, and thus requirements for hoarded supplies.

Next, the expectation of hoarders' to be able, in case of open conflict between the Anglo-Saxon powers and Japan, to sit back here comfortably upon their hidden supplies and to sell dearly to everybody in need, seems rather futile. Materialization of a Pacific conflict would paralyze Shanghai business and would give the city, whatever the final outcome may be, at least temporarily into the hands of the Japanese. To expect that the Japanese, in such event more than ever in need of all sorts of supplies, will meekly buy from hoarders at the latters' prices, is ridiculous. Hoarders should remember what happened to commodity stocks surprised by the Japanese in the occupied areas, including the Settlement North of Soochow Creek. Instead of paying premiums to commodity hoarders, the Japanese will just "take over" all available supplies.

Finally, Shanghai hoarders seem once more to miscalculate the time factor. They have accumulated supplies so large and worked up prices so high, that if their expectations fail to materialize within a short period, a selling wave is bound to set in to reverse the market trends, and to start another tide of efforts at wholesale liquidation. Today, there is still time to smoothe out the commodity situation, but local experience, unfortunately, tends to show that warnings of this sort are remembered only when too late.

New Chinese Language System Demonstrated

Enthusiastic over the discovery of a long sought system whereby the Chinese language may be studied and taught as any other language, instead of by endless memorization of unrelated characters, Dr. Erwin Reifler, one of the world's foremost sinological experts, in an address to the American Junior Chamber of Commerce last week revealed the adaptability of such a method and announced the beginning of a language school under his guidance in Shanghai.

Dr. Reifler bases his system on the belief that since all other languages have an organic background whereby the spoken word preceded the development of the written word and that the obvious correlation of word stems is for the most part logical, Chinese words and characters must also have grammatical relations, lost though they have become through centuries of misinterpretation and the erroneous opinion that there were none.

In his address, the famous linguist referred to several of the cases wherein he has traced Chinese and English word stems to identical roots, with the change of meaning during the centuries of little contact between East and West being practically the same, revealing that all languages tend to develop organically and according to the outlines of a pattern.

What in other languages was a grammatical pattern, in Chinese was a long unsolved relationship of character elements, which Dr. Reifler claims to have discovered through extensive research and uses as the basis of his new type of language course. Beginners and advanced courses under the auspices of the American Junior Chamber of Commerce began this week.

Japanese Offensive on South Honan Claimed Repulsed in First Major Action by Chinese in "Victory Year"

Hailed as grim portent of earnest, the first major action undertaken by Chinese troops since the beginning of the "Victory Year" resulted last week in the Japanese offensive in South Honan being repulsed with heavy losses to the enemy, declare field despatches to Shanghai. The spearhead of the Chinese counter-attack was reported already at Minkong, strategic city on the Peiping - Hankow railway, the complete control of which was the Japanese objective.

Scores of cities were declared recaptured by the Chinese when the latter, after receiving reinforcements, swept down on the fan-shaped area north of Sinyang and turned it into one of the bloodiest battlefields of the entire hostilities. Stubborn Japanese resistance was stated to have resulted in sanguinary fighting, but in the five days up to February 8, according to delayed messages from the front, the Chinese recaptured Wuyang, Siping, Suiping, Chengyang, Shangtsai, Siangcheng, Fancheng, Junan, and Nanyang.

These reports stated that the Chinese troops which had reached Minkong were pressing forward without pause towards Sianyang, while supporting units were deploying along the two sides of the railway for mopping-up operations, completion of which was expected within the next few days.

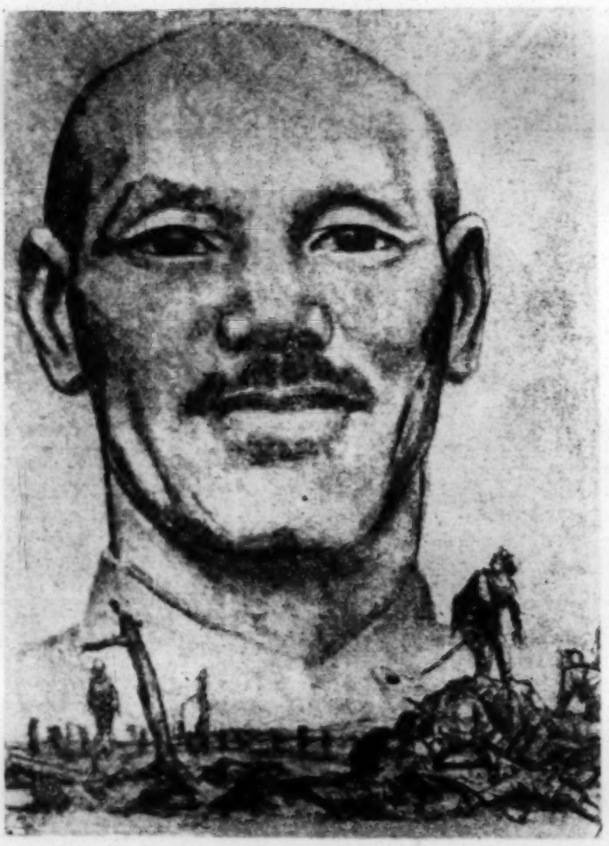
Japanese forces were also reported to have been repulsed in West Anhwei and the Kiafeng region, from which they had withdrawn to their former positions. According to Chungking, Chinese forces operating in west Anhwei followed the recapture of Taiho with hot pursuit of the retreating Japanese and reoccupied Kuoyang. Areas south of Fei River were declared cleared of the Japanese remnants.

The Chinese victory in Honan was confirmed by General Li Tsung-jen, Commander of the Fifth War Zone, who, as quoted by the **United Press** said that the Japanese admitted defeat in a radio broadcast. Gen. Li said that the offensive, which began January 24 from Sinyang and progressed north along the Peiping-Hankow Railway, with columns deploying east and west had been smashed.

Withdrawal Said Trap

The original withdrawal of Chinese forces in Honan was explained by General Pai Chung-hsi, Assistant-Chief of the General Staff, as a tactical masterpiece which might finally lead to wholesale Japanese military collapse in China. According to **Havas**, General Pai recalled that the Chinese High Command had for some time abandoned the policy of defending a single line of a single point at the price of heavy casualties. This policy had been replaced by one of tiring the enemy by striking blows at such points as seemed favorable. The Chinese success in southern Honan, where they registered important gains at slight cost, was attributed by Gen. Pai to the effective employment of these tactics. During the Honan offensive, the General said, the Japanese suffered twice as many losses as the Chinese, who avoided a frontal clash and thus reduced to a minimum the effectiveness of Japanese tanks and planes.

"Invaders' Specter"



Chinese artist, Yeh Chien-yu, depicts Gen. Chiang Kai-shek as a giant specter observed by the Japanese invaders. From China Today, N. Y.

Chinese headquarters remained silent on the Japanese landing at Mirs Bay on February 5, but Japanese reports claimed swift progress had been made by them in their campaign against the only remaining route from Hongkong to Free China. Tamsui, an important point on the Hongkong-Shaokwan route, was reported to have fallen into the enemy's hands the day after the landing had been effected. During operations along the Hongkong-Shaokwan route, the Japanese claimed to have seized quantities of war materials originally destined for Chungking.

Japanese air activities were of a minor nature last week when sporadic raids were carried out by naval aircraft over Kunming and the Burma Road. Five flights of these planes were reported by **Domei** to have raided Kunming, capital of Yunnan Province, and "munition factories" were claimed to have been damaged. Another formation of five Japanese naval bombers operating from French Indo-China bases raided the Yunnan-Burma Highway, and were claimed to have destroyed the Huitung Bridge on the upper reaches of the Salween River. The bridge was said to have been repaired by the Chinese since the Japanese bombing on November 29 last year.

Hochwan Bombed

Hochwan, north of Chungking, and claimed by the Japanese to be a new Chinese air base, was bombed on February 4, while Japanese warplanes, in cooperation with land forces, in the south Honan battlefield, were reported to have raided Nanyang, Lengshuitan, and some other stategic points. In all cases, the Japanese claimed to have caused wide—spread damage upon the military targets.

From South China guerilla war zones last week came the report that a Japanese military plane which crashed near Chunghsan on January 5 while flying from Canton to Hainan Island, was shot down by concentrated machine-gun fire. Nine Japanese were killed in the crash, including six high naval officers. Admiral Mineo Osumi, a member of the Japanese Supreme War Council, was among those killed.

The New Fourth Army dispute appeared to have simmered down last week, although Japanese reports were still rampant. The allegations made by the Japanese reports were mainly centered upon two points, namely, the presentation of new demands to the Chinese Central Government by the Communist Party and the "appointment" of General Li Tsung-jen as Commander-in-Chief of the Communist Suppression Army.

Both of the Japanese allegations, however, were categorically denied by the Chungking Government. Commenting on General Li, the Chinese military spokesman at his usual press conference on February 8, termed the Japanese report as "another false piece of information spread throughout the world by Japan," according to a **Havas** report from Chungking. The spokesman stressed that it was a mistake to consider the Communist army as an independent force, for since the Chinese Communist Party took an oath of loyalty to the three principles of the Kuomintang and to the Chinese Government in September, 1939, its army was incorporated in the Chinese army, its numbers representing but two hundredths of the total Chinese effectives.

Tension in Chungking over the dispute seemed greatly eased as a **United Press** report stated that the Communist newspaper **New China Daily** would not suspend publication, according to an announcement made by its editor on February 10. The paper, it may be recalled, had planned to suspend publication because of heavy censorship which followed a refusal to publish the official statement issued January 27 by Generalissimo Chiang Kai-shek explaining the reasons for the suppression of the Communist Fourth Route Army. The newspaper's opposition however, eased during the past three days when no editorials were printed, the editor said. Meanwhile, Gen. Liu Chih, Garrison Commander in Chungking, was known to have ordered gendarmes and police for effective protection of the paper's premises.

British Forces Reported To Be Concentrating on Thai Border

While Thailand's Prince Voravarn and French Indo-China's Governor-General Arsene-Henry were gathering their staffs of delegates in Tokyo last week to confer with Foreign Minister Yosuke Matsuoka on certain "sphere influence" problems southward, other delegates from the three countries were working out a two-week prolongation of armistice terms aboard the Japanese warship in Saigon harbor. Simultaneous developments in other parts of the area were:

1. Reported British concentration of 15,000 troops of the Indian Army on the Malaya border of Thailand.

2. Indications of a Japanese expeditionary force of 90,000 being prepared on Hainan Island, and new arrivals of Japanese airplanes and crews in Saigon.

3. Abolition of trade restrictions in Indo-China on Japanese imports, with permission given to official Japanese port inspectors to tighten their blockade on Chungking and the British boycott counter - blockade of trade through Indo-Chinese ports.

At the Tokyo conference, opened on February 7, Foreign Minister Matsuoka gave a brief address reiterating familiar phrases expounding the "common prosperity", "vital importance", and "historic necessity" of the East Asia Sphere, the East Asia Sphere, followed, according to the Konoye - controlled Information Board communique by a "report by the Japanese secretary-general on the method of procedure", and the "approval of this report by French and Thai plenipotentiaries."

"Slight Enroachment

The armistice agreement reached on board the Japanese warship February 5 included the designation of a line of demarcation "encroaching slightly on the Indo-Chinese territory," to be a demilitarized zone until a final settlement is reached. On February 10, a day before the expiration of the former truce signed January 28, reports from **Havas** stated that the armistice had been prolonged for two weeks starting February 11, while terbs were being further discussed.

Reports of the British troop concentrations on the Malayan border near Thailand frontiers were circulated by the Nazi **Transocean** news service on February 10, and referred to two of Bangkok's leading newspapers as sources of well-informed data on tre British Minister's announcement to the Thailand government that Britain had "found it necessary".

A **United Press** survey of Japanese expeditionary force mobilization on Hainan stated on February 8 that recent reinforcements which had arrived from Formosa to strengthen miscellaneous units carried "equipment for a long expedition", sufficient for 90,000 men. Two days later, the same agency reported the appearance of Japanese ground crews and airplanes of commercial and military character on Saigon airfields, as stipulated in the armistice agreement.

Vichy's acquiescence to Japanese domination in the affair included the abolition of restrictions on importation of Japanese goods into France or French colonies, according to a **Transocean** report from Vichy on February 7. Earlier, the **United Press** announced that Japan had forbidden Japanese ships to carry goods from Indo-China to foreign ports, in conteraction to an official British boycott of Japanese vessels. The Japanese order followed the permission granted to Japan by armistice terms to increase her authority over Indo-Chinese ports.

As a counter move to this counter-blockade, according to information included in **Domei** reports from Hanoi on February 9, A new Indo-China Import Association would shortly be formed for the purpose of importing as much Anglo-American products as possible in order to prevent imports of Japanese goods. Many small import companies now under Dutch or Swiss interests would join the associations, it was stated. Apparently, the association hopes to circumvent the blockade on British shipping.

"Holding Him Back"

Shanghai Evening Post

U.S. Bamboo!

Giant bamboo, similar to that produced in China, is now being grown commercially in the U. S. at Ocean Springs, Mississippi. The young lady shown in the picture has nothing to do with the production of the bamboo!

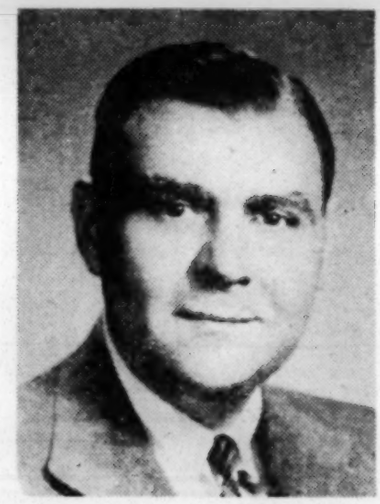
The authorities of the Agriculture and Forestry Ministry at Tokyo are planning the early organization of a so-called "lumber-control" company, capitalized at Yen 10,000,000, which will be empowered by the Government to monopolize the production and sale of lumber in Japan and, presumably, also in territories on the Continent which are controlled by the Army. According to the **Osaka Jiji** it was planned originally, to capitalize the company at Yen 100,000,000, but later it was decided to start with the smaller sum. It was thought, however, when the bill granting the Company a monopoly charter was introduced in the Diet, that the capital would be restored to Yen 100,000,000. Half the sum will be provided by the Government and the remainder by interests concerned with the lumber industry. The head of the new concern probably will be Fujitaro Murakami, who is now director of the Horse-Breeding Bureau of the Ministry. Other officials will be selected largely from the Ministry. While not stated in the report in the **Jiji** it was stated elsewhere that a chief objective of the enterprise will be to eliminate Anglo-American interests from the Far Eastern lumber trade.

Settlement Police Prevent Japanese From Stealing Chamber of Commerce Archives

A setback to Japanese designs on controlling Shanghai by self-appointed authority was seen when intentions on the part of 12 Japanese plainclothesmen to "request" the removal of the archives of the Chinese General Chamber of Commerce into several trucks waiting on Hongkong Road Wednesday morning were foiled by the Settlement Police. An alarm was sent out following the appearance of the Japanese at the Chamber's offices in the Shanghai Bankers' Association, and the S.M.P. arrived in time to take control.

The Japanese, who pretended they had official orders to confiscate the documents, were prevented from taking anything when senior S.M.P. officials arrived and discovered that the group had no authoritative permission. The attempt appeared to be similar to the seizures previously carried out in the Settlement by Japanese claiming right over enemy property, such as when the premises of the Bank of Communications on the Bund was occupied by Japanese gendarmerie. The present head of the old Chinese Chamber of Commerce is Mr. Wang Hsiao-lai, former member of the French Municipal Council, and member of the famous Nanking "Blacklist".

US Deputy



Chief Deputy U. S. Marshal Sam Titlebaum, who took a formal oath of office in Shanghai on February 7.

Another setback, in which the Nanking puppet regime suffered in its attempt to control the Shanghai Labor Unions, was revealed the same day when French tramway workers split into two separate unions, one of which refused to pay membership fees to the Nanking controlled union. A fight between the two factions over the question of the disposal of more han $3000 in fees collected resulted in the arrest of five men. Only $800 was reported to have been spent by the union. The rest disappeared without any satisfactory account being given to members.

Free-for-All Ensues

The free-for-all between the dispanded faction and the "Tramway Union" officials occurred on Monday morning at the Avenue Dubail car barn when the latter authorities appeared to collect monthly dues. Some of the workers struck and injured Chang Yungkong, a union leader, when their demand for the return of embezzled funds was rejected. The arrest of several of the union men resulted from the request by other employees for action against the alleged misappropriation. Meanwhile, it was expected that counter-action might cause further conflict or strikes in the French Concession.

Though still leaving considerable doubt as to when the new Western Area Police Force would be organized to carry out recent Municipal Council promises to rid the city's badlands area of vice, as reported in **The Weekly Review** last week, the nomination Tuesday of Superintendent J. B. Clissold of the Shanghai Municipal Police for the post of Deputy Commissioner in the new force indicated at least one step in that direction.

That the Wang Ching-wei headquarters at 76 Jessfield Road was expected to be vacated in the near future as a result of the plans for the new police force was voiced by the **Evening Post and Mercury** the same day in reference to an "authoritative source", although basis for such a belief rested on the very thin thread of the undetermined future date for the formation of the new force, and was made more than doubtful by the increase in gambling and vice activity in the area.

Puppet Bank Threats

Contradiction of the promise of Mr. Chou Fu-hai, Nanking Minister of Finance and figurehead of the Central Reserve Bank, to maintain the currency "without exerting pressure on financial circles", was found in **Domei** warnings that hinderance of the acceptance of the new new notes would be met with punishment. A **Domei** report of February 5 mentioned that "in view of the fact that some quarters still refuse to acept the new money," police warning by the "Municipal Government," (misnamed by the report for the Nanking Political Agents), that "those refusing to receive would be subject to strict punishment for hindering national police, as the currency is now legal tender of the Republic of China."

Other Japanese action to compel acceptance of the notes "without exerting pressure", included the suggestion by Mr. Umekichi Nakamura of "the reclosing of the Yangtze and Pearl Rivers to general navigation as a point of "cooperation" with the puppet Government to deal with the question of Chungking currency in that area.

"Puppet Crowned"

Sun Tong-hung in China Today, N. Y.

Dr. Laughlan Currie Arrives at Capital

Dr. Laughlan Currie, President Roosevelt's personal envoy to China, arrived in Chungking by air from Hongkong Friday, February 7, and after an interview and reception with Generalissimo Chiang Kai-shek, in which the United States special representative delivered to his host a personal letter and autographed goodwill photograph of the U. S. Chief Executive, he began a round of meetings with China's governmental leaders to discuss and receive information on existing conditions and help pave the way for further American aid.

Although the specific mission of Dr. Currie has not been made public, it is assumed that among his tasks will be the working out of details in the new loans negotiated for the Chinese Government, Exhaustive data on the financial and economic position of China as well as a detailed report on transportation was placed at his disposal the next day by special appointees of General Chiang. It was also hoped by the Chinese military officials included in the conferences that the plan recently announced to bring 100 American planes for defense might be enlarged to the many more planes needed.

"Mouthfull"

Chang Ting, in China Today, N. Y.

Dr. Currie's observations likewise have not been made public, but regarding his stay, he is quoted as saying "I intend to see as much as possible while I am here. Although my schedule is not yet completed, I will be pleased to make any side trips of interest."

Reaction of Chinese spokesmen to the visit were to the effect that hopes are held for the following developments according to the **Shun Pao**:—

1. Discarding of the traditional "commercial" attitude regarding aid to China's campaign.

2. Realization of the still extensive natural resources which can be made available to bolster resistance.

3. Fusion of relationships with America surmounting separate customs and traditions in Eastern standards.

4. Cooperation in withstanding jeopardy to Democracy.

Seven League "Boot"

Chicago Daily News.

"Look Behind You Adolf"

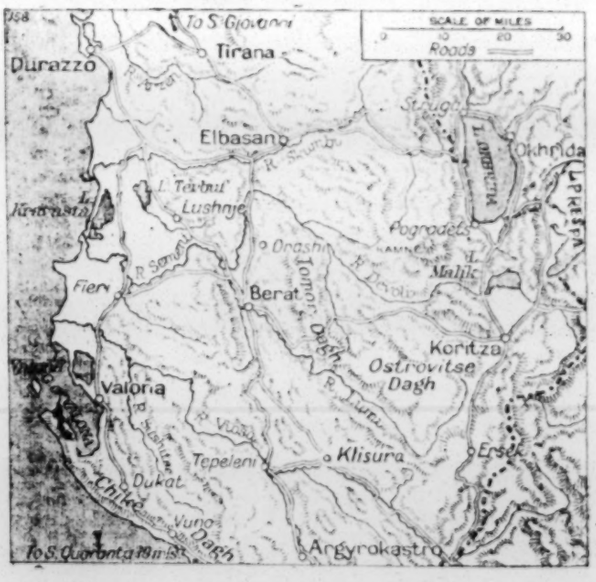
N. Y. World-Telegram

Two Upsets

"WHAT—ME AGAIN?"

Upper, The Chicago Tribune
Lower, British Noon Bulletin (Shanghai).

Italians Still Held



Reinforced, according to neutral observers, by Nazi planes and tanks, Italians last week again failed to reply effectively to the gallant stand made by Greek troops in the face of almost overwhelming strength. The Greeks, who two weeks ago had battled their way to the shores of Valona Bay, held their ground after bitter fighting; in the craggy heights of Klisura's vicinity last week they put to ignoble flight the famous Italians Blackshirts, Mussolini's own picked men. With Tirana and Elbasan in their hands, it was reported late yesterday that the Greeks were rushing hill defense works in anticipation of an Axis Spring offensive, rather than with the idea of lengthening further their already attenuated lines of communications.

Big Guns Get The Right-Of-Way In U. S. A.

The above—from "Business Week"—shows the transport of heavy artillery by trucks over American roads. The picture shows a 75-ft. long coast defense gun, weighting 150 tons, in process of being hauled to its base on the coast. The picture accompanied an article dealing with truck-transportation, but also indicated the significant transition now taking place in American business due to the world war situation.

HITLER'S "LIVING ROOM"

Current History and Forum.

NEW BUSINESS

Chicago Daily News.

"What Lies Ahead for the Japanese Invader"

Lo Sow-fei in China Today, New York

Successful C.N.A.C. Test Flight Blazes New International Air Route From China to India; Inauguration Due Soon

(BY A SPECIAL CORRESPONDENT)

Chungking (By Mail).—With the landing of the China National Aviation Corporations Douglas DC-2 giant passenger plane "No. 26 Chengtu" on the airfield of Delhi, in the United Province of India, on January 20, a new page was written in the history of civil aviation in China. It was the first test flight of the proposed Sino-Indian airline, linking the two oldest peoples of East Asia by the fastest means of communication.

The success of the test flight means that in the near future a direct air service from Chungking to Calcutta and Delhi will be opened. It is believed that the new airline will be inaugurated as soon as maintenance arrangements are completed.A weekly run probably will be maintained.

Ace American pilot C. L. Sharp and Pilot Higgs were at the controls when the history-making aircraft "Chengtu" began the first direct trip to India from Hongkong at 4 a.m. on January 18. The Douglas plane landed at Calcutta at 3:50 p.m. on the next day and arrived at its final destination Delhi on January 20.

The log flashed back to the C.N.A.C. home office by Radio-operator Joe Loh read as follows: January 18—4 a.m. left Hongkong, 9 a.m. arrived at Chungking 1:30 p.m. left Chungking, 4:30 p.m. arrived at Kunming, 5:06 p.m. left Kunming, and 7:45 p.m. arrived at Lashio; January 19—11:10 a.m. left Lashio, 1:54 p.m. arrived at Chittagong (in Bengal, India), and 3:50 p.m. arrived at Calcutta; January 20—arrived at Delhi (no exact time was given). All times were in Chungking time, which is one hour behind Shanghai time.

Notable Passengers

In addition to the three-man crew, those who made the recent initial flight included Captain W. H. Burbury, squadron leader of the Air Headquarters of India and formerly general manager of the Indian National iArways Ltd.; Major J. M. McHugh, assistant U.S. naval attache; Mr. F. B. Lynch, adviser to the Central Bank of China; Dr. George Sellett, one of the C.N.A.C.'s directors, representing the American interest in the corporation; and Mr. W. L. Bond, operation manager of the C.N.A.C.

According to informed circles, the idea of a direct airline between China and India was first proposed by Captain W. H. Burbury, who has a registered flying record of 5,400 hours, on behalf of the Indian National Airways, Ltd. It is understood that the Director of Civil Aviation in India, Mr. Frederick Tymms, discussed the proposed airline during his visit to Hongkong several months ago on his way to the United States on an aircraft purchasing commission.

No detailed account of the flying conditions is yet available. The exact distance of the route has also not been ascertained. The approximate straight-line distance from Lashio to Chittagong is 400 miles, Chittagong to Calcutta 240 miles, and Calcutta to Delhi 820 miles.

The inception of the Sino-Indian air route will be another addition to the international air service maintained by the two civil aviation corporations in China—the C.N.A.C. which is partly owned by the Pan-American Airways, and the Eurasia Aviation Corporation, which is partly controlled by the Deutsche Lufthansa, A. G., a leading German airplane manufacturer. Other international lines, besides those linking the Pan-American Airways, the Imperial Airways and the Air France, are the Chungking-Rangoon line, the Chungking-Hanoi line (now temporary suspended), and the Chungking-Alma-Ata line to Moscow via Hami.

The Chengtu-Hanoi line via Chungking and Kunming, covering a total distance of 1,460 kilometers was inaugurated in November, 1938. In March, 1939, an airplane of the Imperial Airways successfully made a test flight from Rangoon, Burma, to Kunming, while at the same time the C.N.A.C. airliners staged three successful flights from Chungking to Rangoon. The third international airline, the one to Soviet Russia, was opened early in December, 1939, following a successful trial flight in March of the same year.

While Chungking and Calcutta and Delhi are being connected by air, efforts to establish direct communication facilities on land between China and India also were being pushed. According to most reliable information, authorities of the Ministry of Communication are now studying the proposition of a new highway to India. The road will be built either westward from Sichang, provincial capital of Sikang, or from Kangting, also in Sikang province, westward. A high official of the Ministry of Communications said that survey parties probably would be sent out from Chungking in May or June to study the localities and to plan the big project. Construction of the road, which would be longer than the Yunnan-Burma highway, probably will be started next year.

"Live for Vengeance"

Yeh Chien-yu in China Today, New York.

They Learn To Hate

London Daily Mirror

Hitler, says the Sydney Morning Herald, is teaching the English a lesson which they are always slow to learn. He is teaching them how to hate. War they understand, and, though they detest it, yet, being in, they can bear themselves with a stubborn valour which their adversaries in every age have learned to respect and dread. But "total" war as the Nazis wage it, without compassion or honour, is alien to their spirit, and it is only reluctantly that they have come to realise, with growing bitterness, the true character of their enemy. With comprehension of the malice and cruelty of Hitlerism there is dawning a hatred which will be as slow to abate as it has been to form. With the great fires which he has lit in London and the provincial cities of Britain, Hitler has ignited a fire of anger in British hearts—a fire which ultimately will consume him and his gangster regime.

The Chinese, too, have learned to hate an enemy which in four years has brought upon their country such destruction, death, tragedy in all its most awful forms as now the British suffer. From their common grief however, has sprung a common national heroism and unity that defiantly dares the enemy to his worst.

North China Puppet Regime's Deficit Estimated at Huge Sum; Secrecy Shrouds Final Destination of Revenue

BY C. H. ZEE

North China's financial situation is a closely-guarded mystery. Probably not a single high official of the "North China Political Council" could give statistics on income, expenditure and the large deficit of the Council. Only the Japanese, who hold the purse strings, are informed, but they are not so much concerned with the welfare of the people in North China as their exploitation to support the large numbers of Nippon troops they are compelled to maintain in the North China provinces.

It is possible to estimate customs, consolidated and salt taxes collected in the North China provinces and the amount which the North China Political Council has spent during the past few years, but there is no way of calculating the actual deficit, as no figures are available on the sums actually remitted to the "North China Political Council" and the amount kept by the Japanese for their own expenses.

North China taxes are national and local. When the "Provisional Government" was organized in Peiping in December, 1937, a Bureau of Finance attached to the "Executive Committee," was the only financial organ of the North China puppet government at that time. On October 1, 1938, the bureau was replaced by a Ministry of Finance. In March, 1940, when the "Provisional Government" was reorganized in the "North China Political Affairs Council" the Ministry of Finance was absorbed by the Department of Financial Affairs.

The "North China Political Affairs Council" chief sources of income are Customs collections, salt taxes and consolidated taxes, which in 1938 and 1939, according to the official statistics published in Peiping were:

	1938	*1939*
Customs revenue ...	$ 73,871,153	$107,141,287
Consolidated Tax ..	46,433,918	59,422,867
Salt Tax	14,411,769	24,195,689
Total	$135,716,840	$190,759,843

According to an agreement reached by Japanese and British authorities on the servicing of foreign loans, customs revenues were to be deposited with the Yokohama Specie Bank instead of the Hongkong and Shanghai Banking Corporation. Revenue from North China ports for the payment of foreign loans was to be remitted to the Customs Superintendent, and fifty per cent of the Customs surplus to the "Provinsional Government" to meet administrative expenses. No money, however, has been paid for the redemption of foreign loans or as payment of interests on these loans. What amount has been remitted to the "Provisional Government," or more recently to the "North China Political Affairs Council," to meet administrative expenses is unknown.

Guerillas And Regulars

The Chinese wood-cut artist, W. S. Shih depicts various phases of the war. Top shows Chinese troops attacking a Japanese artillery unit. Below is a guerilla band assembling in a village street for an attack.

Customs Revenue Up

Customs revenue in North China has greatly increased since 1934, when $68,477,102.03 was collected, and 1935, when it was $70,237,998.05. In 1936, the year prior to the outbreak of hostilities, customs revenue totaled $61,668,122.39, and in 1937 increased to $63,118,735. The year after the outbreak of the war, revenue touched a record of $73,871,153.10 and in 1939 made another record of $107,141,287.66. Total revenue in 1940 was over $140,510,000.

Revenue in Chinwangtao increased from $1,235,971.79 in 1936 to $1,608,821.03 in 1937, to $4,540,754.48 in 1938, to $6,353,372.01 in 1939 and $7,410,000 in 1940; an increase in the past five years of 500 per cent. Tientsin collections increased from $35,518,115.75 in 1936 to $92,260,000 in 1940; an increase of over 150 per cent. Revenue from Tsingtao went from $20,305,936.41 in 1936 to $35,940,000 in 1940; an increase of 75 per cent.

This recent revenue increase is due mainly to increased volume of trade rather than revision of the tariff schedule on May 30, 1938, which was intended to facilitate the import of Japanese goods rather than boost rates.

Presuming that 65 per cent of the total customs revenue of $140,510,000 in 1940, or $91,331,500,000, went to meet foreign obligations, 50 per cent of the remaining $49,178,500, was available for the "North China Political Affairs Council" in 1940.

Consolidated Taxes

Before the hostilities, North China provinces collected an average of $10,000,000 consolidated taxes annually. In 1938 consolidated taxes collected amounted to $46,433,918 and in 1939, $59,422,867. Although no figure is available yet regarding the total amount collected from tobacco factories in 1936 it is estimated to be over $80,000,000.

The consolidated tax increase in recent years was due mainly to increased prices of cigarettes. Consolidated taxes collected from tabacco factories in 1936 was $1,603,161, but in 1939 increased to $31,826,272. Tax collected from cotton mills in 1936 was $1,794,396, but in 1939, it increased to $4,433,641. Match factories provided $1,338,939 in 1936 but in 1939 yielded $6,491,514. Flour mills in 1936 provided $1,054.190, and $2,197,743 in 1939. Taxes collected from tobacco factories, match factories and cotton mills in 1939 constituted more than 70 per cent of the total collection of consolidated taxes in the year.

Revenue From Opium

The increase of consolidated taxes was due also to the sale of opium. In 1937, $750,939 was collected as the so-called "Opium Suppression Tax" but in 1938 the figure rose to $3,073,924. In 1939 it dropped slightly, to $2,789,713.

Consolidated taxes would have been higher still had there been no exemption of taxes for "military purposes." For instance, the output of cement produced in the Chi Hsin Cement Factory of Tangshan, the Tze Ching Cement Factory of Tsinan and the Sishan Cement Factory of Taiyuan greatly increased, but taxes dropped from $1,430,618 in 1936 to $952,267 in 1939, or only half of the amount which should have been collected. Ten per cent of the total on output of cement was exempted as used by "the government," and another 40 per cent was exempted for use "by the military authorities." The following table gives the amount of consolidated taxes collected in different cities of North China in 1939:

		(Per cent)
Tientsin	$24,030,742	40.44
Tsingtao	20,563,928	34.61
Peiping	4,669,296	7.86
Tsinan	3,464,397	5.83
Tangshan	3,879,134	6.53
Shihchiachuan	472,221	0.79
Taiyuan	916,672	1.54
Chefoo	827,059	1.39
Changteh	598,618	1.01
Total	$59,422,867	100.00

Salt Tax Drops

Salt tax before the outbreak of hostilities in North China provinces averaged $40,000,000 to $50,000,000 annually. In 1915, $41,520,000 was collected, of which $26,775,200 came from the famous Changlu Salt District and $9,672,800 from the Shantung area.

(Continued on Page 388)

Red Cross Relief Workers Hit By Japanese Landing at Mirs Bay; Appeals Pour in

Large quantities of American Red Cross relief and medical supplies were among the "war materials" seized by the Japanese after they had landed in Mirs Bay on February 5, according to brief reports filtering back into Shanghai.

The supplies were seized at various points to which the Japanese had penetrated along the Hongkong-Shaokwan route, over which urgently needed medical relief was being despatched to Free China at the rate of hundreds of tons daily, it was learned. As this route was the last remaining available entry to Free China, its is believed that its closure will cause immense hardship to hundreds of thousands of suffering Chinese in the war-torn areas.

The closure of the route will add to the difficulties under which the American Red Cross has been working in an effort to respond to appeals which have come from every port from Swatow to Ningpo, all isolated by the Japanese blockade from coastal approach and therefore accessible only by overland routes.

It is understood that every effort is being made to operate over the Burma Road, but the capacity of that route is limited and only meagre trickles of supplies have been diverted over long and arduous country trails to the afflicted areas.

A **Havas** mail despatch from Washington stated the American Red Cross was planning more aid to China. The decision on the part of officials of the relief organization followed word that donations were then reaching the Chinese unhampered.

The American Red Cross, which already has supplied China with $1,500,000 worth of medical supplies and equipment, learned recently that supplies already shipped had departed over the Burma Road, which at intervals was reported damaged by the Japanese Air Force.

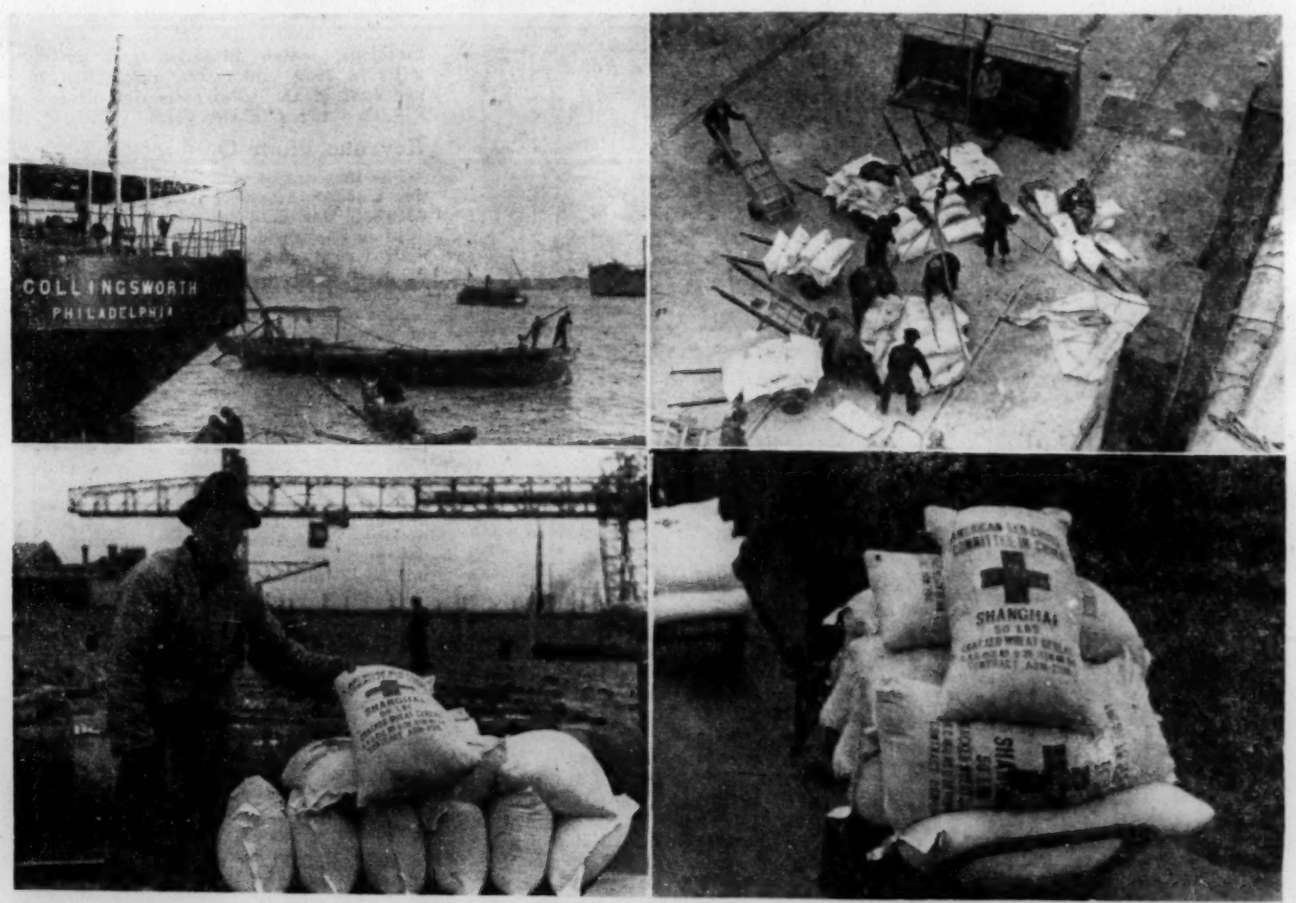
Fifty-one trucks were said to be on their way to relieve Chinese suffering. The Burma Road, previous to the departure of the trucks and to insure their safe arrival, was inspected by Red Cross representatives who reported seeing only two bad breaks which were quickly repaired. Contrary to many reports heard, Red Cross officials reported seeing only one bridge damaged, and that was repaired at the cost of only a few thousand dollars.

No figure has been set for the amount of Red Cross aid to China. Officials in Washington pointed out that the practice so far had been for the organization's agents to report China's needs. Supplies heretofore were forwarded on the basis of these reports. **Havas.**

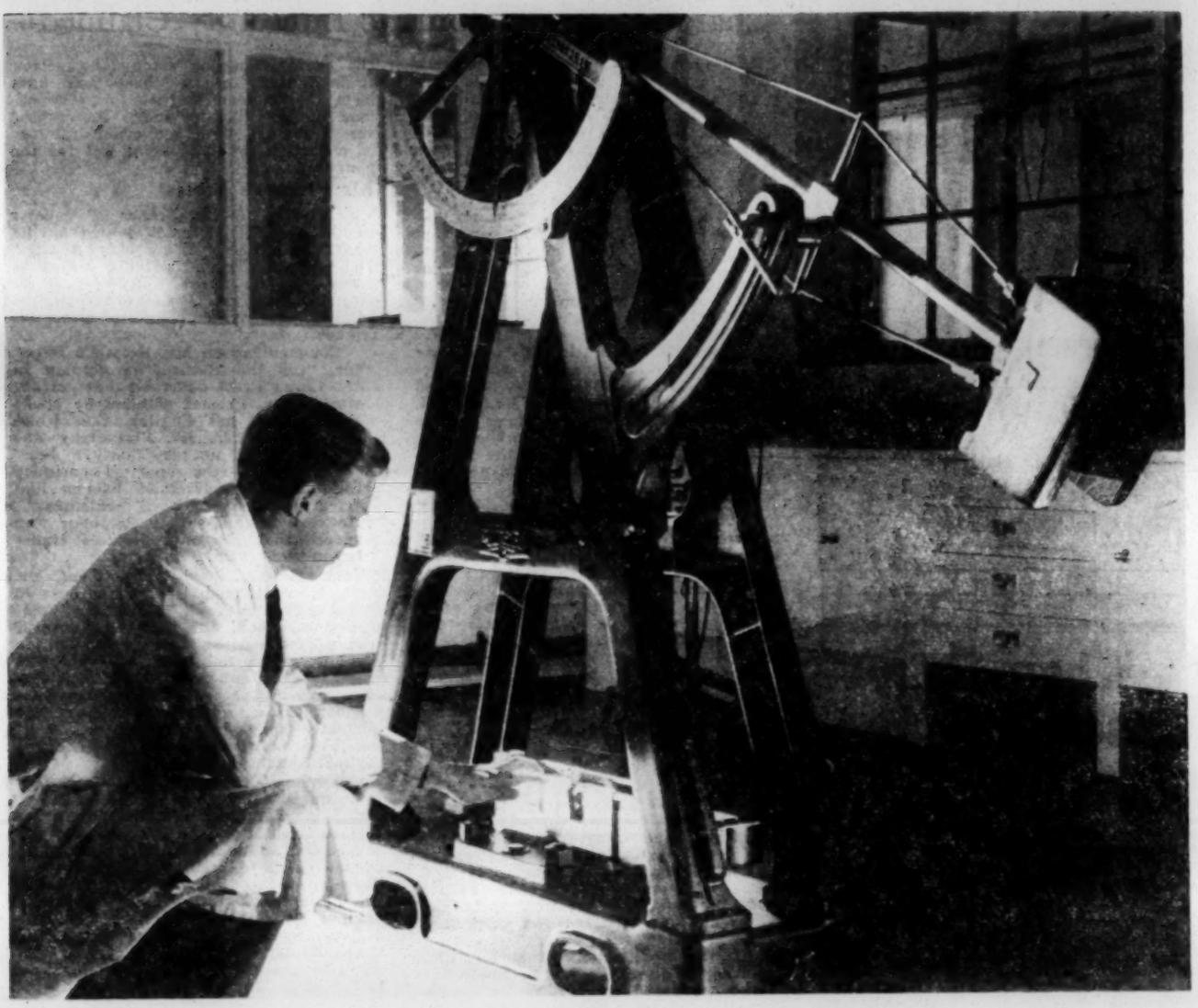
Nothing to Live For

A Japanese man, covered with blood and still bleeding, appeared at a hot-springs hotel in Oshima, Japan, on the morning of January 21 and calmly announced that he had killed his wife and three children and had tried to kill himself, but had failed. The man was sent to a hospital where it was found he had stabbed himself in several places, but not fatally. Investigation by the police disclosed that the man, Jinji Tateno, had made a pact with his wife to end their lives. The man was 36 years old and had a small cake business. He told the police that he had first strangled his 10-year old son and two younger daughters, and then had stabbed his wife to death. He then stabbed himself, but when he found he was not going to die he said he had tried to jump in the crater of a volcano in the vicinity, but claimed he couldn't find it in the dark. The wife left a hastily-scribbled note stating they had decided to kill themselves 'because they had nothing to live for."

500 Tons of Wheat Arrive From U. S. A. For Relief



The American cargo vessel, Collingsworth, recently unloaded at Shanghai 500 tons of American wheat which will be devoted to the relief of Chinese who have been impoverished as a result of the war. The pictures were taken on the jetty during the unloading process. There were 20,000 bags of wheat, each weighing 50-lbs. in the cargo. The wheat was "cracked," meaning that it had gone through the first milling process, prior to shipment. The wheat was purchased in the U. S. with Government funds and was distributed through the American Red Cross. Distribution here will be under the supervision of the American Red Cross Committee in Shanghai, of which Major Arthur Bassett is Chairman. No restrictions are placed on distribution, except where it is impossible to ship due to blockade or other reasons. It was reported that shipments have been made—from previous consignments—to Tientsin, Peiping, Tsingtao, Nanking and other cities on the Shanghai-Nanking-Hangchow Railways, and to Canton. The only places shipments have not been made, according to report, are Ningpo and other coastal ports of Chekiang and Fukien provinces.



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Racial Question Raised by Lawyer in Assault Charge Case; Diplomatic Immunity Claimed

Undercurrents of racial and national feeling prevalent in Shanghai since the outbreak of the European War boiled to the surface briefly in the Second Special District Court on January 30, but they had a curious sequel later when one of the lawyers in the case (a criminal charge of common assault arising out of a New Year's Eve fracas at the French Club) wrote several letters to local newspapers protesting that the hearing had been misreported and disclaiming all anti-Jewish tendencies that may have been attributed to him as a result of the reports.

The lawyer, Mr. Paul Premet, who has been involved in other extra-judicial disputes during his long term of practice in Shanghai, was representing Mr. Jan Seba, Mrs. Seba and their son, accused by Mr. A. G. Pisarevsky, Shanghai manager of the Skoda works, of assault "on the morning of January 1, 1941, at the French Club," owing to "rivalry and personal grudge."

During the hearing of the case, Mr. Premet claimed that Seba was recognized by the puppet government at Nanking in 1939 as the "Envoy Extraordinary and Minister Plenipotentiary" of the erstwhile Czechoslovakian Government. As this was two years after the ocupation of Czechoslovakia by the Nazis, declared Mr. Premet, Mr. Seba must still be recognized by Wang Ching-wei, and therefore should be dealt with as a person enjoying diplomatic immunity.

Post Surrendered

Heated refutation of this rather peculiar argument was immediately provided by Mr. d'Auxion de Ruffe, representing Mr. Pisarevsky. Seba, declared Mr. de Ruffe, turned over all Czechoslovakian papers in his charge to the German Consulate-General on March 17, surrendered his post and became an employee of the French Municipal Council. The title of "minister" had been given to Seba since then "as a courtesy title only."

It was at this point that Mr. Premet was alleged to have made the much disputed interjection. According to reports which appeared in all the English-language newspapers, which varied sufficiently in text to give them every appearance of first-hand reporting, Mr. Premet jumped up from his seat and angrily shouted: "He (Pisarevsky) is a Jew. Yes! He is only a Jew! He has no right to take to heart the interests of the Czechs. The French authorities here recognize Mr. Seba as the Czech Minister. Wang Ching-wei recognizes him." It was not for Mr. de Ruffe to decide whether Mr. Seba was the Minister or not, declared Mr. Premet. It was up to the court to decide. Czechoslovakia still existed and therefore the Czechoslovakian Minister still existed.

Mr. de Ruffe thereupon likewise took the floor and desired to know whether Mrs. Seba also was the Czech Minister and if her son was the Minister too, and whether they were all diplomatically immune. Just because Mr. Seba called himself the Czech Minister, declaimed the irate lawyer, did that mean he could do anything he wanted to? If Mr. de Ruffe called himself a Minister could he commit murder? This was a criminal action. One could not escape a criminal charge by claiming diplomatic immunity.

Face to face before the bench, counsel for plaintiff and defense waxed wrath, a rapid-fire stream of Mandarin interpretation for the benefit of the judge adding to the uproar, which as the clock advanced towards the noon hour, had its partisans in the body of the court wrangling among themselves. It is difficult to say what might have been the outcome, for at the very climax of the din the judge interrupted the argument with an order for the adjournment, no date being set for the next hearing.

Mr Premet's Protest

Following the appearance of reports on the case, Mr. Premet denied having used the phrase "He is only a Jew." The counsel for the defense added in letters to the Press that he had no prejudice against Jews, of whom he numbered many among his circle of friends.

Commenting on Mr. Premet's letter, ter, "Off the Record," a column in the China Press observed that" rather weakly Mr. Premet claimed he spoke French, and not English, that while he did say that Mr. Pisarevsky was a Jew, he did not say "only a Jew."

The China Press reporter, continued the column, understood French and "clearly heard the word 'seulement.'" He verified this with a neighbor who agreed that the only possible translation was "Only a Jew."

In his letter, it was pointed out, Mr. Premet disclaimed any intention to throw a slur on Jews, but he also mentioned he stated the fact that plaintiff was a Jew because there had been an age-old argument over the question whether the Jews were to be considered a race or the people of a faith. Mr. Premet, the columnist added drily, was perfectly right in this: the argument **has been between two groups—the Jujophobes and the unbiased.**

Outside of the court the Czech tumult was continued by the **China Press,** which on February 1 published an interview with Major Jaroslav Stepan, "representing about 300 patriotic members of the Czech community." Major Stepan and his 300 associates fully approved the action brought by Mr. Pisarevsky against Mr. Seba. "Mr. Seba," claimed Major Stepan, "terminated to be the Czech Minister as from March 17, 1939, when he surrendered the Czech legation to he local German diplomatic authorities. Simultaneously he notified the National Government in Chungking, to which he was accredited."

Other Envoys and Consuls of Czechoslovakia, Mr. Stepan added, "men with understanding of patriotism, duty to their country and responsibility in caring for their compatriots in foreign countries, did not surrender their posts ....thus proving their loyalty to Czechoslovakia."

The Seba-Pisarevsky case attracted a good deal of attention apart from its question of involved nationalities, by the fact that it was one of the most important to come before the Second District Court since they were sold out by the French Concession authorities to the Nanking puppet government.

Foreign reporters assigned to the case found the courts in the utmost confusion. Several courtrooms were being used as card and rest rooms by persons whose reason for being in the courts at all could not be discovered. The courts appeared to be in a state of great filth; litigants and minor court officials wandered about aimlessly. The case recorded above was called for 10 a.m. The hearing began at 11.30 a.m., the judge apparently having failed to receive instructions. After its brief but glorious session of 25 minutes, the hearing was adjourned. The judge left the room without addressing the startled counsel, and no date for the resumption was set.

As a sample of "new order" dispensation of justice, the Seba-Pisarevsky case hearing was revealing.

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NEW YORK BUFFALO LONDON

S.M.P. Flying Squad Clamps Down on Gambling Dens in Series of Lightning Raids; Many Arrested

Lightning raids carried out by a flying squad of picked men from the Shanghai Municipal Police wound up a two weeks' drive against the city's vice-kings last week with a notable record of successes for the law. Numerous gambling houses were closed down and many of their operators arrested and taken before the courts, among them some foreigners who had been laboring under the delusion that extraterritorial rights included immunity from the law.

Behind the police drive was a deliberately planned campaign, which, although months of ground work preceded its inauguration, actually opened the first week in February with a sudden raid on the luxurious Silver Palace, gaming and alleged opium dive on Avenue Foch. Other raids followed in swift succession, resulting in the arrests and conviction of a Briton and 14 Chinese, connected with the operation of a place in the Burlington Hotel, Bubbling Well Road.

The comparatively light fine of £5 assessed against W. Hawkins, the Briton accused of partnership in the Burlington Hotel case, aroused considerable comment in view of the recent American action against E. T. "Jackpot" Riley, who was compelled to forfeit his bond of US$25,000 when he failed to appear before the U. S. Court for China on a charge of conducting gambling enterprises in violation of U. S. laws.

In the case of Riley, however, the latter was alleged by the prosecution to be an escaped criminal, while the British Court gave Hawkins the benefit of the First Offender's Act. Should he appear again before the court, it is within the power of that body to impose not only fines but also penal servitude.

Chinese Penalized

In the conviction of the fourteen Chinese connected with the same case, the Shanghai District Court sentenced them from two to eight months' imprisonments, and fined them $1,000. During the trial it was revealed that Hawkins was an active partner in the place, and that they had moved into the Burlington Hotel after their former roulette joint on Seymour Road had become "too hot".

The numerous arrests and raids under the determined leadership of Inspector Dick Moir and his special anti-gambling section acting under orders from Assistant Commissioner Vic Sharman, were causing a fall in business for gambling concerns, according to the *China Press* on Tuesday, for it was indicated that the remaining establishments had to increase "inducements" in the way of free transportation, free meals and drinks on the premises. The paper pointed out that "security" was being denied to all operators in view of the fact that with each change in "administration", a new "protection fee is demanded of each operator".

In the Silver Palace raid on February 2, detectives seized the largest amount of gambling gear yet taken in the six raids this year. The house was said to be operated by a foreign syndicate on commercial lines, with six rooms, four outfitted completely for gambling, and two furnished luxuriously for opium smoking. Operating under the name of the "Portugese Commercial Enterprise," the rooms above the Silver Palace were registered in the name of Jose Maria Botelho, according to reports. Nine Chinese suspects were taken into custody as a result of the raid.

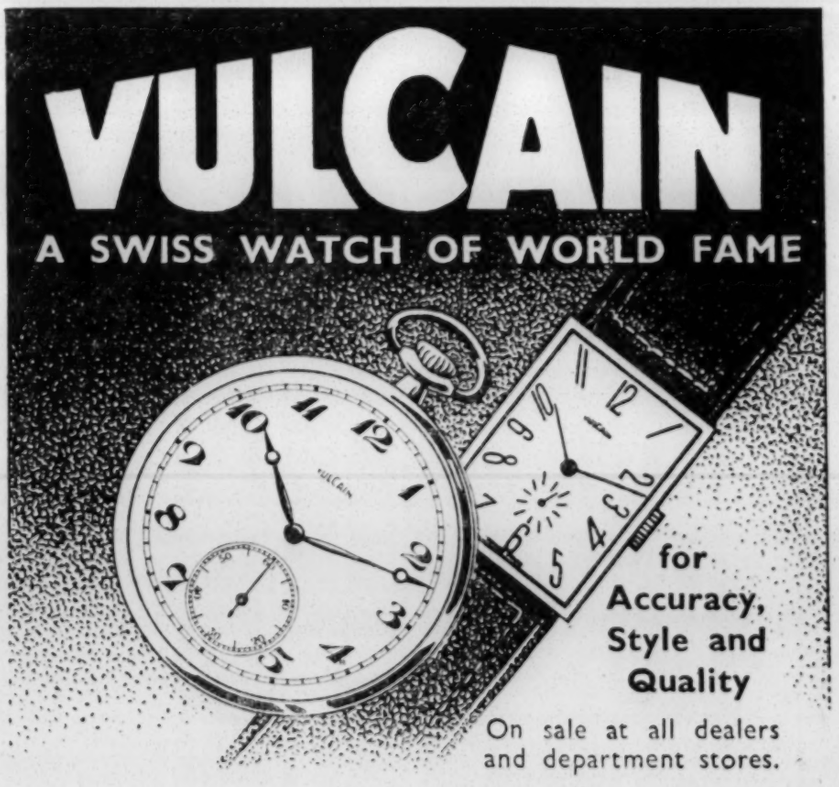
Mass Round-Up

A mass round-up of no fewer than eighty-seven Chinese gamblers resulted in jail terms and fines in the First Special District Court Monday for all of them, 25 of whom were accused of playing poker in an office in the Stock Exchange Building, Kiukiang Road. Five "leaders" were sentenced to two months' imprisonment for "public gambling", and the rest were fined $10 each.

Other similar arrests of petty gamblers began to curb the current get-rich-quick fever in Shanghai. In one case, an owner of a clothes cleaning shop was arrested for pawning his customers' clothes for money enough to gamble with, then using other customers' clothes to redeem those asked for. In another case, a Chinese chauffeur gambled away $210 of his employer's money and then concocted a story for the police that he had been robbed.

Determined and effective as Inspector Moir's drive has been so far, Shanghai's major problem of gambling and dope organizations was far from being more than touched by the raids.

Establishments outside the S. M. P. Control still flourishing openly, with no apparent disturbance, and new houses open as soon as others are closed. Among the rumors of recently opened dens is one said to be connected with the Jack Riley interests, famous owner of several successful establishments and now dodging both local and United States Federal charges. The new place is said to be opening on Edinburgh Road not far from the residence of Mr. C. C. Pan, recently named Commissioner of the Western Area police. Another report concerns the opening of a well-outfitted house on Yu Yuen Road, scene of much gangland activity and still echoing from a recent pitched gun-battle between puppet policemen and gunmen of a



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gambling establishment, reported in *The Weekly Review* last week.

Most famous and flagrant case of open gambling, Farren's, still remains unconcerned in spite of several attempts by police to curb its activity. Two other spots still going full blast on Tifeng Road are the China Club and the Union Club, whose trio of owners are Spanish and Russian, and more possible locations in this vicinity are said to be held in speculation.

Many Drugs Seized

Surprise raids by Shanghai Municipal Police during their war on vice resulted also in the seizure of more then $30,000 worth of narcotics, and numerous arrests. Much of this amount was taken in one raid on House 5, Lane 1025, Hwakee Avenue, according to an account in the *North China Daily News* January 29. Another raid the following day resulted in the arrest of a middle aged Chinese woman and her 13-year-old son. An accomplice, nicknamed "Cabbage Ah Mou", a notorious loafer in the Settlement, was still at large, and the son was released on bail. The trio were alleged to have engaged in opium smuggling through the use of secret telegraph codes discovered in their possession.

Kidnappers Active

Though decidedly peaceful compared with the holiday season of bombings, robberies, shootings, and raids, Shanghai last week still had its quota of kidnappings. Mr. Ying Pai-sun, Vice President of the Shanghai Gold Stock Exchange, was abducted from in front of his residence February 9 by four men who at the points of guns removed the chauffeur from the financier's car and drove off with him.

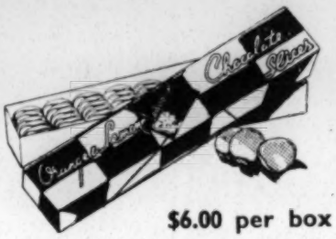
Another abduction victim was Mr. Hsia Siao-tao, general manager of the Chung Mei Chemical Works. As he was entering Connaught Road on Monday evening on his way home from work, four unarmed men signaled the car to a stop. Posing as plain-clothes police they then grabbed the bodyguard's gun, pushed him out of the car, and made off with Mr. Hsia.

The escape of a former kidnap victim, son of a wealthy Chinese factory owner and hostage since December 12 of last year for half a million dollars, resulted in the arrest of two of the gang accused of the abduction. The young man made good his escape while all members of the gang were drunk after celebrating the birthday party of their ringleader, it was revealed in court. Both of the two arrested by the S.M.P. on January 9 in the Wing On Skating Rink pleaded guilty, saying that they were forced into the abduction by a man alleged to have been connected with the "Peace Preservation Corps", and who threatened to shoot them if they did not obey his orders.

Four "small time" kidnappers were arrested on Monday for grabbing two young Chinese from their bicycles on Baikal Road and holding them for $30 ransome, revealing the desperate extent to which abduction practices have gone in recent months. The kidnappers demanded the amount from one of the boys' mothers, but obtained only $13. The father of the other boy asked the men to return later for the money, then called detectives who arrested the criminals when they came for it.

Because the two Chinese accountants of the American Trading Company are still in the hands of kidnappers, as reported last week in the *Weekly Review*, that company's suit using the two as witnesses against the Commercial Express Company over the famous "Copper Swindle" has been postponed until February 18. The case involves the disappearance of $3,000,000 worth of copper from the godown of the Commercial Express Company. Elly Widler, a Swiss claiming to be an agent of the Japanese army, was connected with the "removal" of the Copper and subsequent political motives for the kidnapping of the two witnesses were suspected.

How some of the holiday round of thugs obtained firearms was revealed last week when Yang Zoong-san, a C.P.C. attached to the Bubbling Well Police Station was charged with renting guns to robbers, who returned them again after paying $47 rent. The accused was arrested January 24, when it was discovered that besides his own pistol he had several other guns that had been used in hold-ups.



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MANUFACTURING CHEMISTS

SHANGHAI

(Continued from Page 381)

In 1936, total collection was $45,973,567, of which $29,376,321 was from Changlu and $10,876,707 from Shantung. In 1938 and 1939, collections from the Changlu district dropped to $13,000,000 and $18,800,000, respectively. Collections in other districts dropped also because large quantities of salt were used for military purposes and were exempt. The following table gives the collection of salt revenues in 1938 and 1939:

	1938	*1939*
Changlu	$13,290,881	$18,778,330
Shantung	304,896	1,447,263
Tsingtao	177,568	1,194,470
Shansi	207,882	1,456,471
Honan	436,542	1,319,155
Total	$14,411,769	$24,195,689

As a large portion of the salt revenue was supposed to be used to pay foreign loans, only 60 per cent of the total salt revenue should have been available for the "Provisional Government" or the "North China Political Affairs Council."

That the 50 per cent of the Customs surplus, 100 per cent of the Consolidated Taxes and 60 per cent of the Salt Revenue which the "North China Political Affairs Council" might have received would hardly meet its total expenses is evident by the fact that the councils total expenditure was $117,446,000 for the first nine months of 1939.

Total expenditure of the "Provisional Government" in 1938 and 1939 given below shows clearly the rapid increase of the expenses of the North China authorities:

	1938		*1939 (January—September)*	
		(Per cent)		*(Per cent)*
Political expenses	$11,457,000	or 21.55%	$ 47,085,000	or 40.09%
Ministry of Interior	2,705,000	5.09	1,383,000	1.18
Ministry of Finance	1,503,000	2.83	2,796,000	2.38
Public Safety	8,424,000	15.85	11,838,000	10.08
Ministry of Justice	1,158,000	2.18	1,851,000	1.58
Ministry of Education	3,463,000	6.52	5,207,000	4.43
Industrial Development	359,000	0.67	3,487,000	2.97
Construction expenses	10,037,000	18.88	29,083,000	24.76
Subsidies to Provinces	14,047,000	26.43	14,716,000	15.53
	$53,153,000	100.00%	$117,446,000	100.00%

It is interesting to note that the amount spent in 1939 (January to September) for political expenses, construction enterprises, public safety and as subsidies to different provinces constituted more than 86 per cent of the total expenditure of the "government" which shows that public order in North China is far from stabilized and that little revenue can be collected by the different provinces and large sums must be given to them as subsidies. As for the large sums spent for construction purposes, needless to say these "construction works" were mainly designed to facilitate Japan's military operations in North China.

$33,000,000 Deficit

If the total expenditure of the first nine months of 1939 was $117,446,000 and if 50 per cent of the customs surplus, 100 per cent of the consolidated taxes and 60 per cent of the salt taxes represented the total income of the "Provsional Government", it must be questioned whether the North China puppet regime had its budget balanced in the year. If 65 per cent of the total customs revenue for 1939 was paid to meet foreign obligations, the customs surplus for the year therefore was around $37,499,350. And if only 50 per cent of the customs surplus was remitted to the "provisional government" as agreed, the amount available to meet administrative expenses from customs revenues in 1939 was therefore approximately $18,749,675. The 60 per cent of salt revenue available in the year was approximately $14,517,000. To this must be added the entire amount of consolidated taxes for the year, which was $59,422,867. The grand total received by the "provisional government" in 1939 was therefore $92,689,542. The deficit of the "provisional government" in the first nine months of 1939 was around $24,757,000, and for the entire year of 1939 must have been $33,000,000.

It must be pointed out, however that the deficit of the North China puppet regime must have been more than $33,000,000, as it is questionable whether it received 50 per cent of the customs surplus or not and whether all the consolidated taxes went to the treasury and whether the Japanese remitted it 60 per cent of the salt revenue. However, it is likely that the deficit of the North China puppet regime was far less than that of the puppet regime in Nanking, which had a deficit of $80,000,000 in 1940. The amount of revenue derived from North China by the Japanese military authorities and the amount of wealth seized by them in these provinces as well as the large sums forced out from the people by illegal means, including bribery and squeeze, are unknown and will remain forever a question mark.

New Appointments And Transfers at Chungking

The **Kuomin** news agency reported the following appointments and transfers of officials in the central and provincial governments at Chungking during the week: Cheng Tien-ku appointed Minister to Mexico in succession to Hsiung Chung-chih, who was transferred to another post; Tan Shao-hua, Minister to Mexico, was appointed Minister to Brazil; Yin Jen-hsien appointed director of loans, department of Ministry of Finance in place of Tao Chang-shan, who was transferred to another post; Li Huan appointed member of Mongolian and Tibetan Affairs Commission in place of Liu Chia-chu, who was transferred to another post; Li Wei appointed counsellor of Mongolian and Tibetan Commission; Cheng Chi appointed special administrative commisioner in charge of peace preservation in 4th area of Kwangtung, Chow I-ao, member of Fukien provincial administration appointed concurrently director of Fukien Provincial Food Control Committee; Chang Yuan-shan relieved of duties as director of Commercial Department of Ministry of Economics; Chien Chang-chao, vice-minister of economic research of Ministry of Economics, Sun Kung-tum chief of economic research and Chen-Chung-hsi, director of industrial department, arrive at Kweiyang to confer with Wu Ting-chang, chairman of Kweichow; Hsu Shih-fu, Liao Hsing-yu, appointed special administrative commissioners in charge of peace preservation in 1st and 4th areas respectively in Kweichow province, previous occupants of positions, Hua Kwang and Ho Chao-tsung relieved of duties; Yang Chun-fang appointed inspector of Ministry of Interior; Chen Chang-lo relieved of duties as Counsellor of Embassy in Washington; Dr. Chin Pao-shan, director of National Health Administration, arrives at Kweiyang to attend commencement of Public Health Training Institutes.

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Dr. T. V. Soong Declares General Chiang Statesman, Not Merely Military Hero of China

"We usually think of General Chiang Kai--shek only as a soldier, but in him one finds not only the soldier, but also the statesman who has grasped the implications of the struggle and the political as well as the material forces engaged," declared Dr. T. V. Soong in an address to the China Society Dinner in the Waldorf-Astoria Hotel, New York City, on January 23.

"It is necessary," he declared, "to emphasize in Chiang the statesman rather than the soldier, because in contrast with the Japanese militarists, to General Chang battles and wars are not personal victories, but means to statesmenlike ends."

Mr. Soong said:

"Some seven years ago, on my way to the London Economic Conference, I had the honour of addressing you on

T. V. Soong

the subject of the Japanese seizure of Manchuria. I said on that occasion that although Manchuria then appeared to many as a distant issue in some far-off land, this first act of international brigandage in many years, unless brought to book, would be the frightful and fruitful parent of similar lawlessness elsewhere until the whole world was involved in a general conflagration.

"Arriving in London, a few days later, I addressed in similar vein the China Committee of the House of Commons with Sir John Simon, then Foreign Seretary, presiding. I ended my talk by quoting a passage from Macaulay's historical essays, which described how Frederick the Great's seizure of Silesia from Austria, following after many years of profound peace in Europe, led to the Seven Years' War, which spread throughout the world so that "black men fought on the coast of Coromandel and red men scalped each other by the Great Lakes of North America."

"When we see the world in flames today there is no satisfaction in noting that what I said seven years ago has come true. There is, however, satisfaction in recalling that the second opinion I ventured has also proven correct, namely, that the Japanese aggression would prove to be the hammer by which the unity of China would be forged; that in the prodigal expenditure of blood and treasure in suffering, China would find her soul.

How China Resisted

"Since my arrival in the United States this time, I have often been asked how peace-loving China, with no navy and air force to speak of and a very inadequately equipped arym, has been able to defend herself against the might of Japan, a nation whose army and navy are reputed to be among the world's best, and possessing in addition a numerous and modern air force. I shall attempt to answer the question tonight, but I confess that after everything has been said, when one reviews the terrifying odds we have overcome, one may come to the conclusion that the real answer will be found in one of Oliver Cromwell's mystic quotations uttered at a time of deep distress: "For with what is not, God will bring to naught the things that are."

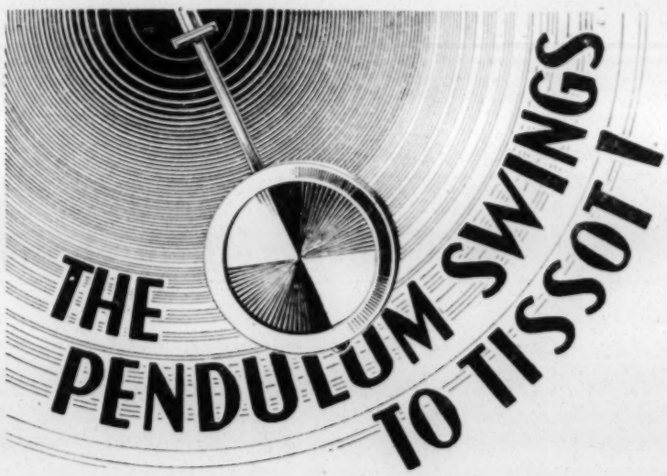
"China was forunate that in the supreme crisis of her national life the occasion brought forward the man in General Chiang Kai-shek. The democracies are indeed fortunate that against the combination of Hitler, Mussolini, and Konoye they have outstanding leaders in Churchill and Chiang Kai-shek, and behind them and sustaining them, the towering figure of Roosevelt.

Soldier Statesman

"We usually think of General Chiang Kai-shek only as a soldier, but in him one finds not only the soldier, but the statesman who has clearly grasped the implications of the struggle and the political as well as the material forces engaged. It is necessary to emphasize in Chiang Kai-shek the statesman rather than the soldier, because in contrast with the Japanese militarists, to Chiang Kai-shek, battles and wars are means to statesmanlike ends.

"To illustrate: at the beginning of the war, for three long months the Chinese armies defended Shanghai against the mechanized divisions and naval and air attacks of the enemy. By the end of the second month it was perfectly clear that the line could not be held much longer without great sacrifice, and every wellwisher, including the German military advisers, urged an immediate withdrawal while there was yet time. Despite this obviously sound technical advice, General Chiang ordered the armies to hold on for four weeks longer, because the signatories of the Nine Power Pact were to meet at Brussels to seek a means of ending the Sino-Japanese conflict.

"I was then in Shanghai, and was an eyewitness of the terrific punishment our soldiers had to take. There was a weak spot in our line on which the enemy concentrated his artillery and bombing attacks. I saw division after division sent in to hold the danger spot and many times on the second day a division had lost half of its effectives in killed and wounded, and on the following day the division had to be replaced. The slaughter was most appalling when flesh and blood were pitted against shells and bombs. There you you have an instance when on mili-



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tary grounds operations should have been broken off, but the battle was continued for larger ends. One might say that the Brussels Conference turned out to be a flat, dismal failure and that the final month's sacrifice in Shanghai were all in vain, but true statesmanship consists in the willingness to lose battles in order to win wars.

"Japan started the war against China in 1937 with a light heart. "In three months," Prince Konoye said to his own people and to the foreign correspondents, "China will be beaten to her knees." The war was to be won by what is now popularly known as a "blitzkrieg", a sudden sharp attack speedily reaching a crescendo, a battle without a morrow. But the Japanese reckoned without their host.

Resources Strained

We knew that time was on our side. Time would exhaust the enemy whose resources would be sorely strained by the upkeep of the third largest navy in the world, on top of millions of soldiers and thousands of planes under war conditions. Time would be required to bring into play the ponderous but solid strength of the Chinese race. And above all time would bring to the democracies the realization that China was fighting in their interest as well as her own, and, with this awakening, they would come to help China unstintingly.

"As the first victim of aggression, China came early to the conclusion that aggression condoned and rewarded would bring forth a series of new aggressions until the democratic way of life the world over would be endangered. When the European War broke out it gradually dawned upon other peoples that the present struggles in Europe and Asia were different phases of the same fight between the democracies and the totalitarians. When, on September 27th, 1940, Japan formally joined up with Germany and Italy, at last everybody ould see that Chinese victory would mean success, Chinese defeat a reverse, for the democracies. China has gained the time she wanted and, instead of a three months' blitzkrieg, after three years and a half Japan is still enmeshed in the struggle.

"Our High Command realized from the outset the limitations of mechanized and armored equipment with its concontracted fire power, operating in th vast spaces of China. On the other hand, should the Japanese be permitted to have good and short lines of communication with freedom to bring up their heavy artillery, tanks, and airplanes, with such formidable armament they could break through any front held by the Chinese armies, lightly armed and without the support of an air force. During the heat and turmoil of the battles in Eastern China our generals never lost sight of the fact that the Chinese line might be obliged to bend but should not be allowed to break, and that the further the enemy penetrated into the interior the weaker would become his atacks. As our Chief of Staff put it, "We must buy time with space."

At the same time, all the valor of the Chinese soldiers would have been of no avail had China not succeeded in firmly establishing her national unity. The willingness of the people to carry on despite the loss of their richest areas, despite the coastal blockade, and despite the unceasing bombing attacks, formed the permanent basis of our strength. While the main forces retired westward, we were able to carry out the unorthdox policy of leaving divisions and whole army corps behind, living on the country, nibbling at the flanks and at the rear of the enemy

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columns. To use American conditions as an example: Should a hostile army landing on the Atlantic coast penetrate beyond Pennsylvania and strike at Ohio, large forces would be ordered by the defense to remain in Pennsylvania to form the nucleus for guerilla activities To carry the idea further, should the involving the masses of the population. enemy suceeed in reaching Indiana, large detachments would be left behind in both Ohio and Pennsylvania to harass enemy garrisons and attack his lines of communication ceaselessly. The deeper the enemy penetrated, the more troops he kould done to detail to pretect his ever-lengthening lines of communication amidst a hostile population, so that the spearhead would progressively become weaker as it moved westward.

Action Justified

"Today, if you look at the map of China, you will find large, ugly blotches known as the Japanese occupied areas. Enemy occupation of these territories, is, however, superficial; the enemy holds the large cities but the countryside only a few miles removed remains in the hands of the Chinese Government, which collects taxes, circulates its own currency, maintains order, and dispenses justice. They may occupy the railways and some of the important highways, but on both sides are encamped Chinese troops and guerillas, constantly blowing up bridges, tearing down tracks, and ambushing columns. The furthest Japanese outpost is as far west as Ichang, but only a few miles outside of Shanghai, Nanking, and Peking hover regular divisions of the Chinese Army.

The Japanese themselves recognize that their hold on the occupied districts of China is superficial and uncertain, and that their army is bogged down, unable to advance further. Four weeks ago, on December 27, Steele of the Chicago Daily News cabled from Shanghai the astounding admission by the Chief of the Japanese army press section that there was little hope of China's collapse. Steele wrote;

"When the Japanese Army admits that it is in difficulties, it is news. Col. Hayao Mabuchi, who just returned to Tokio to become chief of the army press section, after more than a year in China, frankly confessed in a published statement today that there is little hope of the total collapse of Chinese resistance unless some radical change occurs in the world situation.

"Strongly warning the Japanese people against complacency and over optimism as a result of three-power axis, Col. Mabuch declared that instead of turning the international trend favorably to Japan, it is steadily drifting in the other direction—favorable to Chungking."

"Col. Mabuchi, who is known for his outspokenness, continued:

" 'The present China affair is so complicated that it cannot be comprehended thoroughly by mere common sense. Japan is fighting the troops of Chiang Kai-shek on the soil of China, but the defeat of these troops will not bring the solution to the Sino-Japanese hostilities. Most of the Chinese, collected under the banner of Chiang Kai-shek, represent the cream of the Chinese people with a flaming love for their country. Standing behind them are Great Britain, America and other countries which intend to maintain the old order in East Asia. Japan should recognize fully the strenuous efforts which the anti-Japanese camp in Chungking is making.'

"The recent agreemnt among the Axis powers with regard to their respective spheres of influence, is the most ambitious and comprehensive partitioning of the world attempted since the Papal Bull of 1493 divided the non-European world between Spain and Portugal. Japan as her share of the spoils was assigned a vital space consisting of China and all of the Southern Pacific, i.e., Indo-China, Malaya, Dutch East Indies, Siam, Burma, India and probably Australia and New Zealand. There are prizes rich beyond the dream of avarice, but Japan has yet to take them, and above all the key fortress of Singapore has still to be stormed.

"Singapore, without the main British fleet, and relying upon Australian and Dutch squadrons, is no match for the entire naval and air force of Japan, supported by a land army. In attacking Singapore there is, of course, the problem of the formidable battle fleet of the United States, but the Japanese reason that should an attack upon Singapore synchronize with massive assaults by the partners on Great Britain, Gilbraltar, and Suez, with growing danger in the Atlantic, the United States would be disposed to leave Singapore to its fate.

"Although the Japanese fleet and air force are intact, the land forces are insufficient to support and consolidate a gigantic southward expansion. According to conservative estimates of neutral military and naval authorities the Japanese army in China has lost in killed, drad of disease and permanently disabled over 1,100,000 men. In addition, they have bogged down in China an army of 1,250,000 men, not counting their divisions in Manchuria, facing the Russians. It is the consensus of expert military opinion that the law of diminishing returns is operating in Japan against the creation of fresh formations for new adventures, and the logical step under the circumstances would be for the Japanese to withdraw the bulk of their troops and transports from China.

"For nearly six months China has repeatedly been the recipient of peace offers from Japan on an increasingly favorable basis. The Japanese recognize that there is no hope of eliminating the Chinese forces for a long time to come. On the other hand, time presses, and their advance southward ought no longer to be postponed Why not then make peace with China so that their troops could be released for the Southern Pacific? If their Singaport venture succeeds, with the limitless resources of oil, rubber, tin, rice and cotton from the new colonies, and

with the Burma Road out off, China could be strangled at leisure. They could well afford to give China liberal terms now, as, after the fall of Singapore, all agreements with China would automatically go by the board.

"This reasoning is perfectly sound, but also so sound that the Chinese can see it too. Withdrawal of the main Japanese forces would give us temporary relief, but the fall of Singapore would be disastrous for us as for Britain, and perhaps ultimately for the United States. Peace with Japan now would only be a temporary armistice with all the advantages accruing to Japan, and, as the Sino-Japanese conflict is a part of the general struggle, enduring peace can only come as part of a general world settlement. Therefore, we must continue our fight, but henceforth we fight not only to maintain our positions but to bring increased pressure so that the enemy cannot withdraw his troops for his southward expansion.

"The Chinese army is a rugged redoubtable force of 2,500,000 regulars, suported by vast numbers of guerillas. Although China has lost over two million soldiers in the war, by all accounts she has today an infinitely better organized and more experienced army than at the begginning of the war. With the Japanese army strung out over a very wide area, demoralized and discouraged by a war that has no end, a determined offensive campaign could have far reaching results.

"In maintaining and extending her war of resistance China encounters two major problems; lack of money and lack of airplanes. The financial problem has only to be posed to be understood: on top of three years of destructive warfare, with the loss by seizure or destruction of her richest industrial areas, with communications largely disrupted, China has been maintaining millions of of soldiers and guerillas. The external value of her currency has fallen to one fifth of the prewar rate, while domestic prices have risen six-fold. Fortunately the United States and Great Britain have stepped into the breach and have given us substantial assistance in loans and credits. From persons who have just come from China I learn that the effect of President Roosevelt's announcement of one hundred million dollars aid to China was electrical, and, as one observer put it, the announcement gave to the sorely pressed people of China fresh assurances of final victory.

"Not so readily solved is the problem of airplanes because the United States, as well as Britain and other countries, are experiencing a great shortage. The question of airplanes for China has aroused so much interest that I propose now to discuss it in some detaitl.

"China has never possessed at any time more than one tenth the number of Japanese planes. Despite this disparity, thanks again to the fact that in China we possess the advantages of space with a very large number of airfields and a devoted countryside to assist us, operating on interior lines, and with the desperate courage of our aviators, for three years we have been able to maintain some resistance, and have shot down more than twice as many enemy planes as we have lost. That, at least, was the situation till September last year when the Japanese introduced much more efficient types of planes, and established.

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

January 26

January issue of **Finance Magazine**, organ of the Ministry of Finance, pointed out that since the war started and up to December 31, 1940, the Chinese Government issued eight loans in all, bringing in $3,430,000,000 in Chinese national currency, 100,000,000 Customs Gold Units, £2,000, and U.S.$100,000,000. During the same period, Japan issued loans to a total of Yen 26,000,000,000. Five of the eight Chinese loans were issued at par, the three others being special loans such as the "Famine Relief Loan," "Reconstruction Loan" and Financial Consolidation Loan, according to a **Havas** report from Chungking.

Reuter reported from Tokyo that the Japanese Foreign Minister, Mr. Yosuke Matsuoka, in replying to a question at the session of the Budget Committee, declared although formally recognizing and fully supporting the Nanking Government, Japan would continue exhorting General Chiang Kai-shek to join Nanking, the ultimate object being a full settlement of the Sino-Japanese conflict.

***

January 27

Washington informed quarters believed that in view of efforts by the United States to aid Britain as fully as possible, aid to China in the immediate future would be largely moral rather than the supply of actual war material.

Pravda, official Soviet Government organ, blamed "narrow party considerations" for the recent rout of the Chinese New Fourth Communist Army. Vigorous denials of Japanese reports of civil war in China and alleging an unfavorable turn of international events were made by Generalissimo Chiang Kai-shek in a statement on the disbandment of the New Fourth Army at the weekly Sun Yat-sen memorial meeting. General Chiang declared that "the incident is now entirely closed....it does not remain in any shape or form. No political party or issue is involved."

***

January 28

A heavy concentration of Japanese troops in the vicinity of Haiphong in French Indo-China was seen by Chungking Chinese quarters as partly consituting a threat to make a drive on Kunming and cut the Burma Road.

The aerial journey between Moscow and Chungking would be shortened soon from nine to five days, a dispatch from Urumchi, capital of Sinkiang province, in the **Ta Kung Pao** said.

***

January 29

A **Domei** report from Tokyo stated that three years and nine months of war in China will have cost Japan Y.17,455,000,000 by January 31 this year in extraordinary military expenditures alone, according to revealations made by the Japanese Finance Ministry.

Sixty-one Communists, headed by Mr. Yuan Kuo-ting, member of the Executive Committee of the Shuchen (Northern Anhwei) Communist Party, and including officers of the 8th Route Army in Shangtung, as well as officers of the New Fourth Army on the north bank of the Yangtze River, were reported to have jointly announced their withdrawal from the Chinese Communist Party, according to the **Ta Kung Pao.**

Generalissimo Chiang Kai-shek, in an interview with the **United Press**, declared that if the United States would aid China to half of the extent she was aiding Britain there would be no danger of the United States being involved in war in the Far East. Meanwhile, Dr. H. H. Kung, Vice-Premier and Finance Minister, in an interview with the same news agency, said that the year 1941 would be China's Victory Year.

Dr. Lauchlin Currie, administrative assistant to President Roosevelt, left San Francisco for Hongkong on a Pan American Airway's Clipper en route to Chungking. Dr. Currie is an outstanding authority on economics and because of U. S. financial assistance already extended, and contemplated, to China, observers believed the visit was to obtain first hand economic information.

***

January 30

Thirty-five thousand Japanese troops and fifty warplanes, in addition to the usual garrison, have been concentrated at Amoy, Chinese military sources told the **United Press.** The intention of the Japanese troops concentration was not known.

The Japanese Government "hopes that the occassion will present itself when the Chungking regime may be invited to join the Nanking regime" following the former's "reconsideration," the Japanese Foreign Minister, Mr. Yosuke Matsuoka, told a budgetary sub-committee of the House of Representatives.

Japanese attacks in Honan province were admitted by a Chinese military spokesman, who stated that the bulk of the Japanese forces was operating in the Sinyang area, in south Honan. Simultaneously, Japanese troops in North Honan attacked from their Kaifeng base in the direction of Chungmow. Japanese troops in north Anhwei were attacking in a westerly direction towards Honan.

Japanese reports carried by **Domei** claimed the capture of Paoanchen, and Wuyang, strategic points northwest of Sinyang.

***

January 31

Reuter reports from Tokyo quote a statement made by Mr. Yosuke Matsuoka, Japanese Foreign Minister, as saying that Mr. Wang Ching-wei, head of the Nanking regime, had informed Chungking he was ready to accept obscurity, exile, or would not regret even to die if only Chungking would reconsider peace with Japan.

Shanghai reports stating that Mr. Clarence E. Gauss, United States Minister to Australia, would soon replace Mr. Nelson T. Johnson as United States Ambassador to China were virtually confirmed by President Roosevelt. He indicated that the State Department was still waiting the Chungking Government's approval for the new diplomatic change.

***

February 1

The Japanese Cabinet approved Army and Navy extradordinary military ex-expenditures estimates for the fiscal year 1941 totalling Yen 4,880,000,000.

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Extraordinary military expenditures from the outbreak of the Sino-Japanese war March, 1942, would total Yen 22,335,000,000.

Prospects seen by the Japanese Foreign Minister, Mr. Yosuke Matsuoka, of the Chungking Government reconsidering its attitude as a result of a direct Japanese approach were editorially dismissed by the **Asahi Shimbun** as "hopeless."

No peace overtures had been received in Chungking either from Japan directly or through Wang Ching-wei, official quarters in Chungking said. These quarters stressed that the new Japanese efforts were doomed to failure because General Chiang Kai-shek's attitude remained unchanged and China would not accept any peace terms failing to recognize her territorial and administrative integrity.

Fighting in southern Honan and northern Hupeh was detailed by the Chinese military spokesman in an official statement released in Chungking. The Japanese offensive began on Jan. 24 at Sinyang, important Honan railway center near the Hupeh border, the attack being made by three columns, he said. On Jan. 30 the Japanese forces arrived at a line formed roughly by Paanchen and Siping, passing through Wuyang. Part of the Japanese forces had already crossed the Hung River. A large number of Chinese troops concentrated north of the above-mentioned line were putting up a stiff fight, forcing the Japanese to slow down their advance. The Chinese tactics consisted not only of a frontal attack, but are mostly in the nature of a sweeping flank movement with the Peiping-Hankow railway as a pivot, and extending along the entire plain of central Honan and the mountainous Fanghsan region.

Salvation Army Drive For 1941 Under Way

The Diamond Jubilee Report of the Salvation Army, one of Shanghai's most active and functional relief organizations, as presented by Brigadier B. Morris at a Rotary Club's weekly tiffin recently, revealed the success of their many operations, including the new Beggars Camp, the Rice Bus (for hot rice distribution to refugees on the street), and the Foreign Men's Hotel. Brig. Morris outlined plans for a drive to obtain a needed $175,000 for the coming year, $38,000 of which has already been pledged.

Reviewing the history of the organization, Brigadier Morris stated, "Seventy-five years ago William Booth began his crusade against poverty, vice and crime, consumed with a passion to uplift the poor and neglected masses in the great city of London. He stood all alone, and it is remarkable how the movement has spread throughout the British Isles and overseas until today it embraces the whole world."

In Shanghai itself, the Salvation Army is known for its worthy handling of many relief depots. The Foreign Men's Hostel, making relief possible to down and out foreigners, was kept going the year round, the speaker stated, at a cost of $26,000. To cope with the refugee situation, the Salvation Army found cooperation with other relief associations and managed the two largest camps in the city, by which a total of thirty-seven and a half million meals were prepared and distributed. Later, rice distribution has been effected from many depots throughout the city.

The recent Beggar Camp operation was reviewed as having already received 1,200 beggars, with work being done to rehabilitate them, thus aiding in the ridding of one of Shanghai's greatest social problems. Donations to help fill the budget should be sent to Salvation Army headquarters, 40 Nanking Road.

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Who's Who in China

Tien Chen-nan, Lieutenant-General, born in Hsiang Ch'eng, Honan, Dec. 26, 1889; graduated from Paoting Military Normal School, 1908; graduated from Military Officers' School in 1910; sent by the military department to 5th Division as Cadet, shortly after promoted Lieutenant of 2nd Division; promoted to Captain, Major, Colonel, Brigadier, 1922; in 1926 promoted to Lieutenant-General of 59th Army, then to General of 4th Army; 1936, General of Army of Defence; 1939 Vice-Commander-in-chief of the 2nd Company; decorated with Baoding Suin Chang and Tsing T'ien Pei Jih medal; at present independent Commander-in-Chief of South Honan Guerillas and Member of Honan Provincial Government; 27 districts and local and regular soldiers are under his jurisdiction; supreme military head in South Honan; address: Hsiang Ch'eng, Honan.

田鎮南字桂筆
Lt.-Gen. Tien Chen-nan

China Hong List For 1941 Appears

It would be idle to add to the tribute paid year after year to the China Hong List on its annual appearance; the fact is, since the volume first made its appearance in its expanded form it has become "required literature" for China business people, who would find themselves woefully handicapped were they suddenly deprived of the big red directory.

The issue of the China Hong List for 1941 appears greatly increased in bulk—partially due to a thicker paper being used and partially to the addition of new information and names. This directory, which is sometimes irreligiously referred to among newspapermen as the "Shanghai reporters' Bible" due to the comprehensiveness of the information it gives on the business relations of both Chinese and foreigners, contains the usual clearly indexed sections for Shanghai and the various outports, and includes a section specially devoted to Manchukuo. Protestant and Catholic Missions also are listed separately.

As usual, in addition to the business and residential directories, there is to be found in the Hong List quite a fount of odd information—including, for instance, the year's fixtures of the Shanghai Race Club, tides at Shanghai, various calendars, etc.

The volume is, of course, excellently bound and printed.

Men and Events

Mr. and Mrs. Jacques Lapine of **Havas** service in Tientsin, are visiting in Shanghai.

*

James E. Perkins of Paramount Films of China, Inc., has returned to Shanghai from a trip to Manila.

*

Capt. Abel Wardlaw Best, who spent 60 years at sea, half of it along the China coast, died in London on Feb. 6

*

Floyd R. James, Jr., manager of R. C. A. Communications, Inc., departed this week for the United States on leave.

*

Pedro de Ygual, Spanish Consul-General at Shanghai, has been recalled to Madrid, according to recent announcement.

*

Kwang Keng-tse has been appointed Foreign Minister of the North China Political Affairs Commission, according to a **Domei** report from Peiping on Feb. 5.

*

Major-General Walter C. Short has been appointed Commanding General of the Hawaiian Department of the U. S. Army, in succession to Lieut.-General Charles D. Harron.

*

A son, Bentley, was born to Mr. and Mr. Karl B. Hill at the Country Hospital on Tuesday, Feb. 11. Mr. Hill is director of K. B. Hill Insurance Agency of Shanghai.

*

Tillman Durdin, correspondent for **New York Times,** stationed in Chungking, returned to China this week from vacation spent in the United States. He will be stationed in Shanghai in future.

*

American women departing from Shanghai for the United States this week included Mrs. Beverley D. Causey, Mrs. E. Harrison King, Mrs. David G. Posten and Mrs. M. H. Throop and son, all of St. John's University.

*

The Japanese Youths' Association has sent a delegation of six members, headed by Takashi Koyama, official of the Education Ministry, to Berlin, the purpose being to return a recent visit to Japan of a delegation of Hitler's Jugend organization.

*

R. W. Brewer, manager of the Ford Hire Service, an American taxicab concern, departed this week for the United States where he plans to reside. The Ford Hire Service, original taxi concern in Shanghai, recently was sold to Chinese interests.

*

Randall Gould, former editor of **Shanghai Evening Post,** who retired from that position on Jan. 1, is scheduled to sail for the United States next week. Mr. Gould will be connected in future with the office of C. V. Starr in New York. Mr. Starr, who is head of the American Asiatic Underwriters, is owner of the **Evening Post.**

*

The Japanese military organ, **Tairiku Shimpo,** published in Hongkew, stated that local Japanese have started a movement to obtain 1,000,000 signatures of Jpanese to a memorial expressing their approval and support of Wang Ching-wei, head of the Nanking regime. The movement was started by graduates of Hosei University in Japan where Mr. Wang attended school. It was claimed that 100,000 names already have been obtained. The promoter of the movement said that Mr. Wang was "deeply impressed" when informed of the Japanese gesture.

Eugene H. Dooman, Counsellor of the American Embassy in Tokyo, has returned to Japan from leave of absence spent in the United States. S. E. Grummon, First Secretary of the Embassy, accompanied by his wife and children, has departed for the United States. W. P. McConaughy, former American Consul in Osaka and now on leave in the United States, has been assigned to the Consulate at Tokyo.

*

A son, Robert Louis, was born to Mr. and Mrs. Robert Y. Horiguchi on Dec. 17. Mr. Horiguchi was head of the English service of **Domei** and interpreter for Japanese spokesmen at the press conference for several months after the outbreak of hostilities in 1937. He is now connected with the head office of **Domei** in Tokyo. Their son was born in St. Louis, Missouri where Mrs. Horiguchi is visiting her parents.

*

John Morris, Far Eastern Manager of the **United Press** returned to Shanghai this week from a trip to Singapore and Chungking. S. M. Fisher of Peiping and later connected with the New York office of **United Press,** departed for Hongkong this week enroute to Chungking, where he will be stationed in future. Robert T. Bellaire, **Shanghai Manager of United Press,** is departing for the United States shortly on leave.

*

The Rev. Carleton Lacy, Secretary of the American Bible Society and James O. Nichols, head of the American-Foreign Insurance Association have been appointed members of the committee of the American Association in place of J. W. Carney and Randall Gould, who have resigned Mr. Carney, who came to China in 1911 and has been connected continuously with Standard-Vacuum Oil Company, has retired and will reside in the United States in future.

A report from Washington by **Havas** on February 7 said that the United States would shortly establish diplomatic relations with New Zealand. It was stated that conversations are being conducted through the British Ambassador, Lord Halifax, for the early creation of a Legation at Wellington, N. Z. for the United States, and the simultaneous opening of a New Zealand Legation in Washington, D. C.

*

The judges serving on the Shanghai Court of Consuls in 1941 will include A. H. George, C. M. G. British Consul-General, President; Frank P. Lockhart, U.S. Consul-General and Tateki Horiuchi, Japanese Consul-General. E. A. Long, secretary of the Consular Body, will continue to serve as Secretary of the Court. The Consular Court hears all cases brought against the Municipal Council of the International Settlement.

*

Passengers, most of them Americans, aboard the President Taft, found themselves in a serious predicament when the liner docked at Kobe on January 25 due to the refusal of the port police to permit anyone to take more than 5 yen into the city. There were some 160 passengers aboard in addition to the crew and each had from 40 to 200 yen which they had obtained in Shanghai at favorable exchange rates. The Japanese authorities told the visitors that the recent revision of the exchange control law prohibited anyone bringing more than five yen into the country, the purpose being to prevent "cheap" yen from Shanghai being brought in. The Japanese had no objection to passengers bringing American or other foreign currencies into Japan—to be exchanged for yen at official rates of about four for an American dollar. The rate for yen in Shanghai averages around 15-16 yen for one American dollar.

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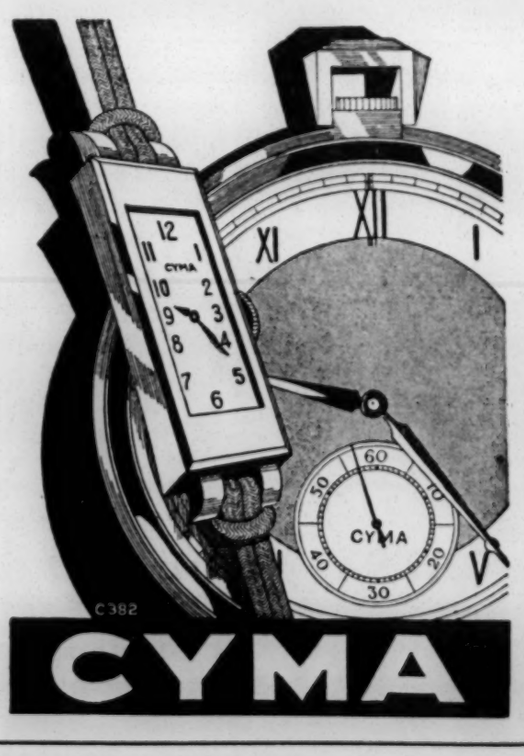

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N. F. Allman, American attorney and Dr. R. J. McMullen, President of Hangchow Christian College, now located in Shanghai, have been nominated by the American Association as the American candidates in the forthcoming election of members of the Municipal Council of the International Settlement. Mr. Allman is already a member of the Council, having been elected last year. Mr. McMullen, if elected, will take the place

R. J. McMullen

of J. W. Carney, official of Standard-Vacuum Oil Company, who retired from the Council to return to the United States. Mr. McMullen, President of the American Association, is the second missionary to be nominated for the Council by the American Association, the first being Dr. J. C. Patton of the Presbyterian Mission, who was nominated—and defeated in the ensuing election—several years ago.

*

Two visitors in Japan from Tientsin, whose names were not given in the report, were arrested in Kobe, Japan for taking photographs of Kobe Harbor from the top of nearby Mount Rokko. According to a report by **Havas**, the two tourists had been secretly followed by a 16-year-old Japanese schoolboy, who had informed the police. The report did not state whether the visitors were detained.

*

The Shanghai Live-Stock Market, Sino-Japanese (Japanese controlled) organization, has decided to donate the sum of Yen 100,000 to the Chinese Municipality of Shanghai, according to an article in the Japanese paper **Tairiku Shimpo**. The money will be donated, stated the report, through the Special Service Section of the Japanese Army, the purpose of the gift being to "promote the welfare of the inhabitants of Shanghai."

寶青春

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The Soviet cargo ship Smolny, first to appear in Shanghai harbor in several years, arrived here last week from Vladivostok for repairs. After the repairs are completed by the International Dock in Pootung, the ship is scheduled to sail (about Feb. 25) for Vladivostok with 125 passengers,, most of whom are said to be Germans.

*

The police authorities at Dairen, within the Japanese leased zone in southern Manchuria, have rounded up a gang of more than 100 who are accused of widespread incendiarism, including the burning of Japanese military warehouses and other establishments. First arrests were made in August, 1940, stated the **Domei** report. It was alleged that the members of the gang, presumably Chinese, were connected with the "Chungking regime," stated the report, "since they used **arson** and other chemical devices in setting fire to important buildings." The report did not state how so many Chungking agents could have entered the closely guarded military zone at Dairen.

*

William Randolph Hearst, and the **International News Service,** which is part of the Hearst organization, filed suit on Feb. 8 against the radical magazine, **Friday, Inc.,** which had charged that Hearst was receiving a monetary subsidy from Germany. The Hearst action said that the magazine had "unbelievably falsely" made the charge. Dan Gilmore, president of **Friday, Inc.** said he was prepared to furnish the jury with all information on the subject which his company has regarding Hearst. Hearst has been following a policy of extreme isolation in connection with the war situation and has editorially urged the United States not to engage in any activity in Europe or Asia which might lead to involvement in war.

Mr. and Mrs. Albert Willis, Britons and W. M. Vories, an American, have recently become Japanese subjects. Mr. Wills is the son of a British physician, once resident of Hiroshima, and has resided in Japan as a teacher for more than 30 years. Mr. Vories was born in Kansas and was graduated from Colorado University. He arrived in Japan in 1905 and for many years was a teacher, but later engaged in business.

*

The Administration Office of the Chinese Post Office in Shanghai published a notice in the Chinese newspapers last week, announcing an extraordinary increase in postage rates on mail dispathed to the interior by air plane over the China National Aviation Service, via Hongkong. Under the new arrangement, the standard of weight, or unit will be 10 grammes, for which 25-cents will be charged for letters and 15-cents for newspapers. Under the new rates postage on a newspaper, which previously cost 30-cents, will now exceed $1. The notice was not published until last week, but the postal authorities notified the public that the rates went into effect on Feb. 1.

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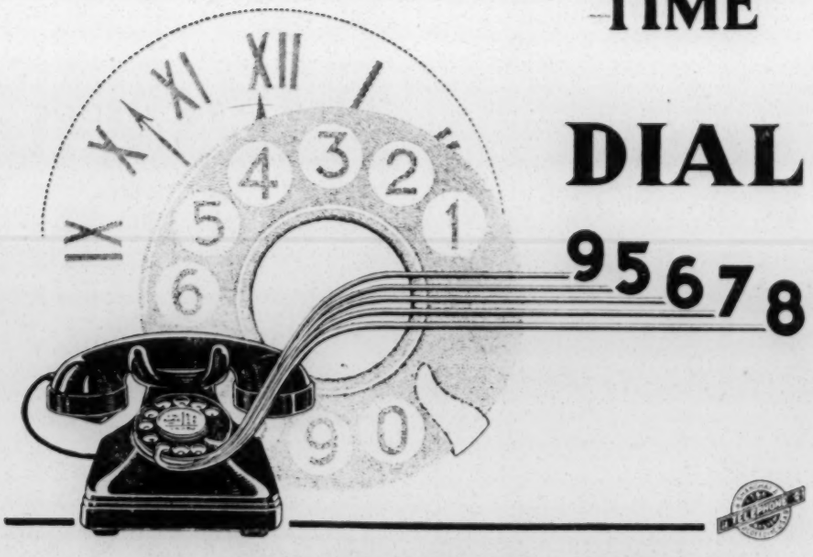

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In the United States Court for China

In re: Estate of ABNER NORRIS SPENCER Deceased	Cause No. 4568 Special Proceedings No. 2447 NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Abner Norris Spencer, deceased, to present the same with vouchers to the undersigned on or before August 9th, 1941, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

J. B. Davies
Administrator of Estate of
Abner Norris Spencer, Dec'd.
208 Hamilton House.
Shanghai, China.

New Books of Interest in the Far East

Near And Far East

BACK TO THE OLD LAND: or Found, The Road Back. A Play in four acts, by Irving Miller. Translated from the German by Louise Burke. 1940. Cloth, U.S.$1.25.

REFLECTIONS. By J. B. Zimdars, San Francisco, California. 1940. Cloth, U.S.$1.00.

SILVER RAIN. By Anna Johnson. 1940. Cloth, U.S.$1.50.

All three boks listed above published by The Christopher Publishing House, 1140 Columbus Avenue. Boston, Mass.

These three books that come from the Christopher Publishing House in Boston have relevance to the Far East only as literature knows no boundaries. The most interesting of them in its underlying idea is the play "Back to the Old Land," which shows a Jewish family in Germany which has given up its Jewish tradition, driven back upon that tradition by the Nazi persecution. The mother, who at first feels it is quite possible to be both Jewish and German, ends in saying "Yes, I have finally decided to emigrate to Palestine with you," and the last act shows the family in Tel Aviv. The dialogue has a somewhat too academic quality, made for the ideas rather than portraying actual people. The play might be suitable for presentation in a school or in a club of young people. But unless Zionism is the only possible answer for the Jews, and history and political geography seem to refute that, the words of one of the sons at the end are rather curious: "Cursed be for all time the assimilation striven for by us when scattered in foreign lands."

The little book "Reflections," by J. B. Zimdars contains a revision of Edward Fitzgerald's Rubaiyat of Omar Khayyam. Mr. Zimdars in this has gratified the wish we all have at times, to improve upon the art of a reputed artist, but it is a question whether that translation needs or deserves changes, happy in expression as it is, not overprofound enough to demand place as a philosophy. Mr. Zimdars writes as a lover of California and of the West and the rest of the book Reflections is made up of his own poems, some of the titles being Redwoods, The Bridges, San Francisco, Desert Spring Time, The Ride of Custer's Men, My Burro Jim and I. He is also an admirer of Tom Mooney, pardoned in 1939 by Governor Olson, and has an antipathy for economic bourbons. One of the last poems in his book is called China and it speaks of her invaders:

Driven by lust
For world dominion
They exploit her homeland,
They harness her toil,
Counting not costs
In lives of poor humans
In either their minions
Or those of her soil.

This brief quotations shows the general character of Mr. Zimdars' poetry. Americans living in China will all agree with the judgment in this instance.

The book Silver Rain, by Anna Johnson, has a thought for every day of the year, a calendared book of original poetry; good resolutions, good psychology for character-building; ambition and achievement being the dominant note. With such an arrangement there is necessarily some repetition of thought. For those who wish a thought a day—and they are not to be sneered at—this book has practical idealism and stimulus to offer.

D. R.

China's Soldiers And Peasants

THE CHINESE ARMY, by Major Evans Fordyce Carlson; Institute of Pacific Relations Inquiry Series, New York City; 139 pages, price US$1.

INDUSTRIAL CAPITAL AND CHINESE PEASANTS: A Study of the Livelihood of Chinese Tobacco Cultivators, by Chen Han-seng assisted by Wong Yin-seng, Chang Hsi-chang and Huang Kuo-kao with an introduction by Karl August Wittfogel; Kelly and Walsh, Limited, Shanghai; 97 pages, price Sh.$12.50.

These are extremely valuable studies in their respective fields.

Major Carlson gives an expert summary and analysis of various Chinese armies as he has observed them first hand. Evidently he regards the Red Eighth Route Army as best of all: "The high morale and high state of physical fitness tend to make this army unique in the military organizations of the Far East." He adds that "the honesty, selfflessness and incorruptibility of the leaders appeal to the patriotism and noble instincts of men and women who are not in accord with the political ideology of the Communist group." One can only hope that he is right; the real test would come if there were a switch in Moscow policy—a deal with Japan, for example. Then, what would the Eighth Route Army do?

No other American military expert has had as much opportunity for observation of current Chinese armies as Major Carlson. In the conclusions of his book he quotes what Mao Tse-tung told him in 1938 of Chinese Communist post-war aims: a two-party system in government, state ownership of banks, mines and communications, development of consumers' and producers' co-operatives, "encouragement of private enterprise," and "cordial relations" with "those foreign nations which are willing to meet China on a basis of equality." Major Carlson says he subsequently recounted Mao's program to Chiang Kai-shek with the question of "to what extent the ideas expressed agreed with his own," and the Generalissimo replied that his ideas were "about the same."

Major Carlson is "certain" that "the character of the Chinese people is such that they could never become militaristic

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In the United States Court for China

SARAH JACOBS BADER *Plaintiff,* vs. JOSEPH JOHN BADER *Defendant.*	Cause No. 4561. Civil No. 2440. ORDER Filed at Shanghai, China, Feb. 3rd, 1941. WILLIAM T. COLLINS *Clerk*

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by her attorneys, has this 14th day of January, 1941, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 19th day of December, 1940, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 14th day of January, 1941, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China, nor has he resided therein since more than two years last past, and that defendant's last known address was No. 102 Hollywood Avenue, Albany, New York.

NOW, THEREFORE, it is this 3rd day of February, 1941, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the CHINA WEEKLY REVIEW, SHANGHAI, CHINA, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 22nd day of February, 1941, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,
this 3rd day of February, 1941.

MILTON J. HELMICK,
Judge.

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so long as they remain the citizens of an independent nation."

Dr. Chen is equally certain that Chinese tobacco growers have been and are being badly exploited by tobacco manufacturers, principally the British-American Tobacco Company. And he presents very convincing, detailed evidence to support his thesis—including the forcing down of prices and dishonesty in grading when crops are sold.

The historical background of tobacco in China is briefly given. Tobacco was introduced into China through the Philippines at the beginning of the seventeenth century. Tobacco smoking first became popular among Chinese troops who were on an expedition to the malaria-infested region of Yunnan. "It was commonly thought in the army at that time that no better remedy for colds could be found than tobacco." This, of course, has no basis in fact, but the reviewer—who has sojourned a lot along the "Mosquito Coast" of the Caribbean, and other places where mosquitos swarm, can testify that tobacco smoke does help appreciably in keeping the pests at a safe distance.

In an early "New Life" movement, the Ming Emperor Tsung-cheng "tried in vain to prohibit tobacco smoking to promote archery," but he admitted that "it has become impossible to enforce the prohibition of tobacco-smoking, because you princes and others smoke privately though not publicly."

So the use of tobacco spread, and in its most widespread current form of cigarettes it is of the species known as "American seed tobacco" which was introduced directly from Virginia, U.S.A., around 1913. This is what is mostly grown now and it is with this crop—in contradistinction to what "is still mistakenly called native seed"—that Dr. Chen mostly deals. His conclusion is that "the introduction of this new crop has certainly reduced the standard of living among the peasantry of the tobacco regions in China."

W. B.

Revue Nationale Chinoise

Well documented articles on Religious beliefs in Szechuen province and on the history and present state of Corporatism as a social and economic movement form the main feature of this month's issue of **Le Revue Nationale Chinoise**, French language monthly published in Shanghai. Art lovers will find a series of photographs representing Chinese antiquities preserved in the Musée Heude and many a Shanghailander will be delighted to learn that his town can boast of one of the most outstanding art collections of the Far East.

The Book Review department includes a new translation by K. Y. Kou of extracts taken from the works of Ch'ang Ch'ao, famous Chinese writer. Among the other items, comprising a Far Eastern press review and political comments, a permanent column entitled General IInformation will prove of particular interest to readers wishing information on social and cultural activities of the French authorities and the French colony of Shanghai.

Naval Man Sentenced

Vincent Oswald Peters, 46 years old, a lieutenant in the British Naval Reserve, who was sentenced to eight years imprisonment on a charge of alleged espionage by the Osaka District Appellate Court, had his sentence reduced to five years when his appeal came up for hearing on Feb. 8. Mr. Peters was sentenced on Sept. 20, following an extended investigation, on a charge of violating the military secrets law. The report stated he had tried to obtain information regarding Japanese cruisers, submarines and airplanes. He was arrested in January, 1940 aboard the Taiyo Maru as the ship was about to sail for Hongkong.

In the United States Court for China

LYDIA SERGIEVSKEY KABELITZ, *Plaintiff,* vs. THOMAS KABELITZ, *Defendant.*	Cause No. 4575 Civil No. 2454 ORDER Filed at Shanghai, China, Feb. 10th, 1941. WILLIAM T. COLLINS Clerk.

The object of this suit is an action for divorce.

WHEREAS, Plaintiff herein, by her attorney, H. D. Rodger, Esq., of Messrs. Rodger & Wiener, has this 10th, day of February, 1941, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 10th, day of February, 1941, the summons for Defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 10th, day of February, 1941, the Plaintiff herein filed an Affidavit to the effect that the Defendant does not reside in China, nor has he resided in China for the past five years, and that defendant's last known address was, c/o Mr. Walter Freeman, 1327 Van Ness Avenue, Los Angeles, California, U.S.A.,

NOW, THEREFORE, it is this 10th day of February, 1941, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "China Weekly Review," a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sunday and legal holidays, occurring after the 1st day of March, 1941, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

By the Court,

Dated at Shanghai, China,
this 10th day of February, 1941.

MILTON J. HELMICK,
Judge.

BACK ISSUE WANTED

The Review will pay one dollar ($1.00) for each copy of the issue of MARCH 3, 1928 (Vol. 44, No. 1).

Mail the copy or copies with statement to

THE CHINA WEEKLY REVIEW

160 Avenue Edward VII
Shanghai

JAPAN'S WAR IN CHINA

When the Sino-Japanese hostilities broke at Peiping on July 7, 1937 and at Shanghai on August 13 of the same year, THE CHINA WEEKLY REVIEW immediately began compiling a day-to-day record of out-standing developments in the struggle including the diplomatic side as well as the military. These handy little volumes, each covering a period of six months, have now reached five.

They are 5" × 7½" in size and the number of pages runs from 116 to 180 for the different volumes.

Vol. 5 of the detailed day-to-day record of Sino-Japanese hostilities is now off the press. It covers the period from July 7, 1939 to December 31, 1939.

Outstanding developments in this period include the beginning of Japan's air raids on Chungking, Wang Ching-wei's activities at Nanking, Anglo-Japanese negotiations over the Tientsin incident, beginning of terrorism at Shanghai, abrogation of the America-Japanese Trade treaty, initiation of anti-foreign movements by Japanese Army authorities, "slapping" and "stripping" incidents at Tientsin, Ambassador Grew's denunciation of Japan's anti-American activities in China, beginning of U.S. "moral" embargo against Japan, etc., etc.

Preceding volumes of this series cover the following 6-month periods:

Vol. I—July 7, 1937 to Jan. 2, 1938
Vol. II—Jan. 2, 1938 to July 7, 1938
Vol. III—July 8, 1938 to Dec. 31, 1938
Vol. IV—Jan. 1, 1939 to July 6, 1939

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